This is a digital copy of a book that was preserved for generations on library shelves before it was carefully scanned by Google as part of a project to make the world's books discoverable online.

It has survived long enough for the copyright to expire and the book to enter the public domain. A public domain book is one that was never subject to copyright or whose legal copyright term has expired. Whether a book is in the public domain may vary country to country. Public domain books are our gateways to the past, representing a wealth of history, culture and knowledge that's often difficult to discover.

Marks, notations and other marginalia present in the original volume will appear in this file - a reminder of this book's long journey from the publisher to a library and finally to you.

Usage guidelines

Google is proud to partner with libraries to digitize public domain materials and make them widely accessible. Public domain books belong to the public and we are merely their custodians. Nevertheless, this work is expensive, so in order to keep providing this resource, we have taken steps to prevent abuse by commercial parties, including placing technical restrictions on automated querying.

We also ask that you:

+ *Make non-commercial use of the files* We designed Google Book Search for use by individuals, and we request that you use these files for personal, non-commercial purposes.

+ *Refrain from automated querying* Do not send automated queries of any sort to Google's system: If you are conducting research on machine translation, optical character recognition or other areas where access to a large amount of text is helpful, please contact us. We encourage the use of public domain materials for these purposes and may be able to help.

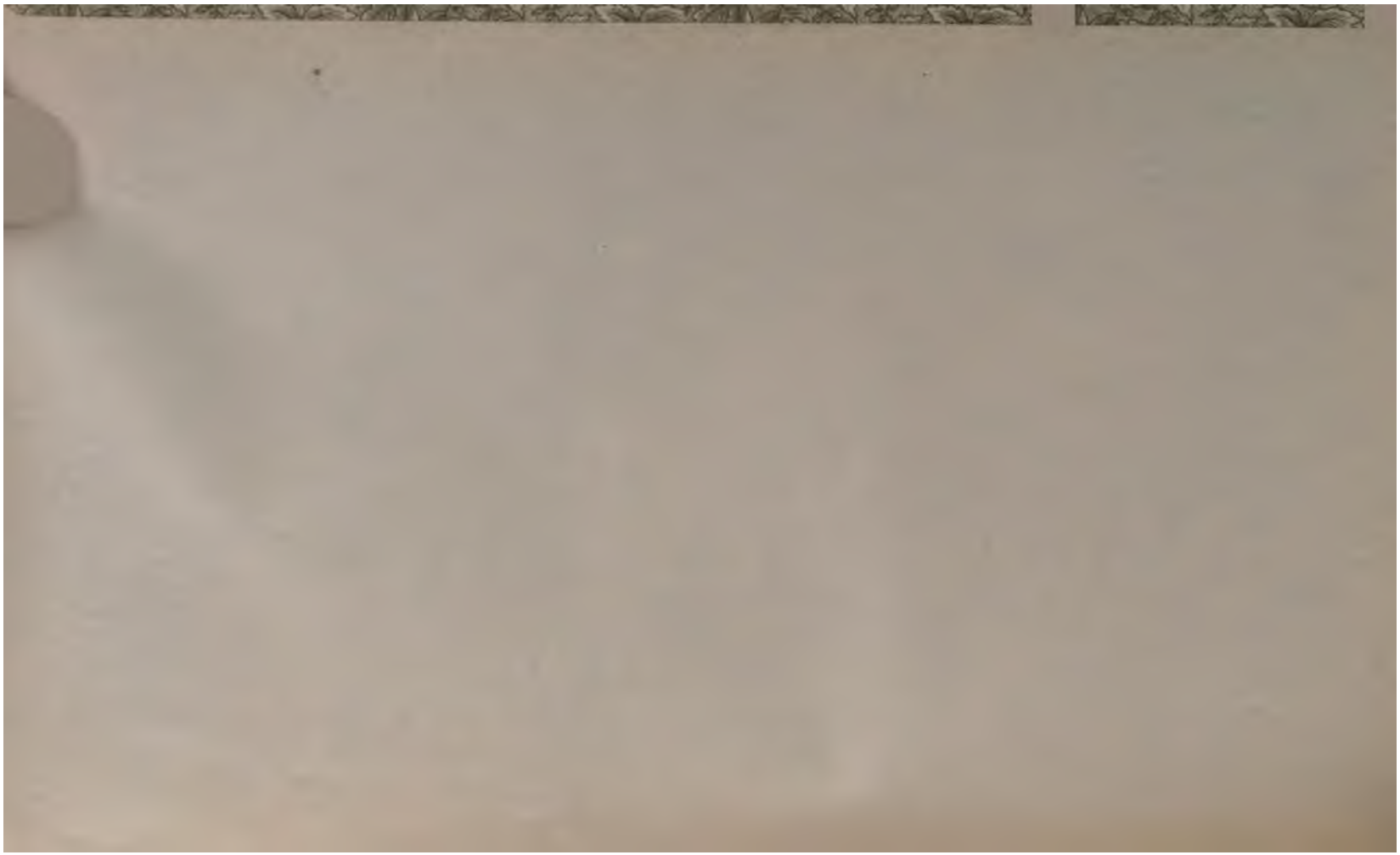
+ *Maintain attribution* The Google "watermark" you see on each file is essential for informing people about this project and helping them find additional materials through Google Book Search. Please do not remove it.

+ *Keep it legal* Whatever your use, remember that you are responsible for ensuring that what you are doing is legal. Do not assume that just because we believe a book is in the public domain for users in the United States, that the work is also in the public domain for users in other countries. Whether a book is still in copyright varies from country to country, and we can't offer guidance on whether any specific use of any specific book is allowed. Please do not assume that a book's appearance in Google Book Search means it can be used in any manner anywhere in the world. Copyright infringement liability can be quite severe.

About Google Book Search

Google's mission is to organize the world's information and to make it universally accessible and useful. Google Book Search helps readers discover the world's books while helping authors and publishers reach new audiences. You can search through the full text of this book on the web at `http://books.google.com/`

TWENTY-EIGHT YEARS IN WALL STREET



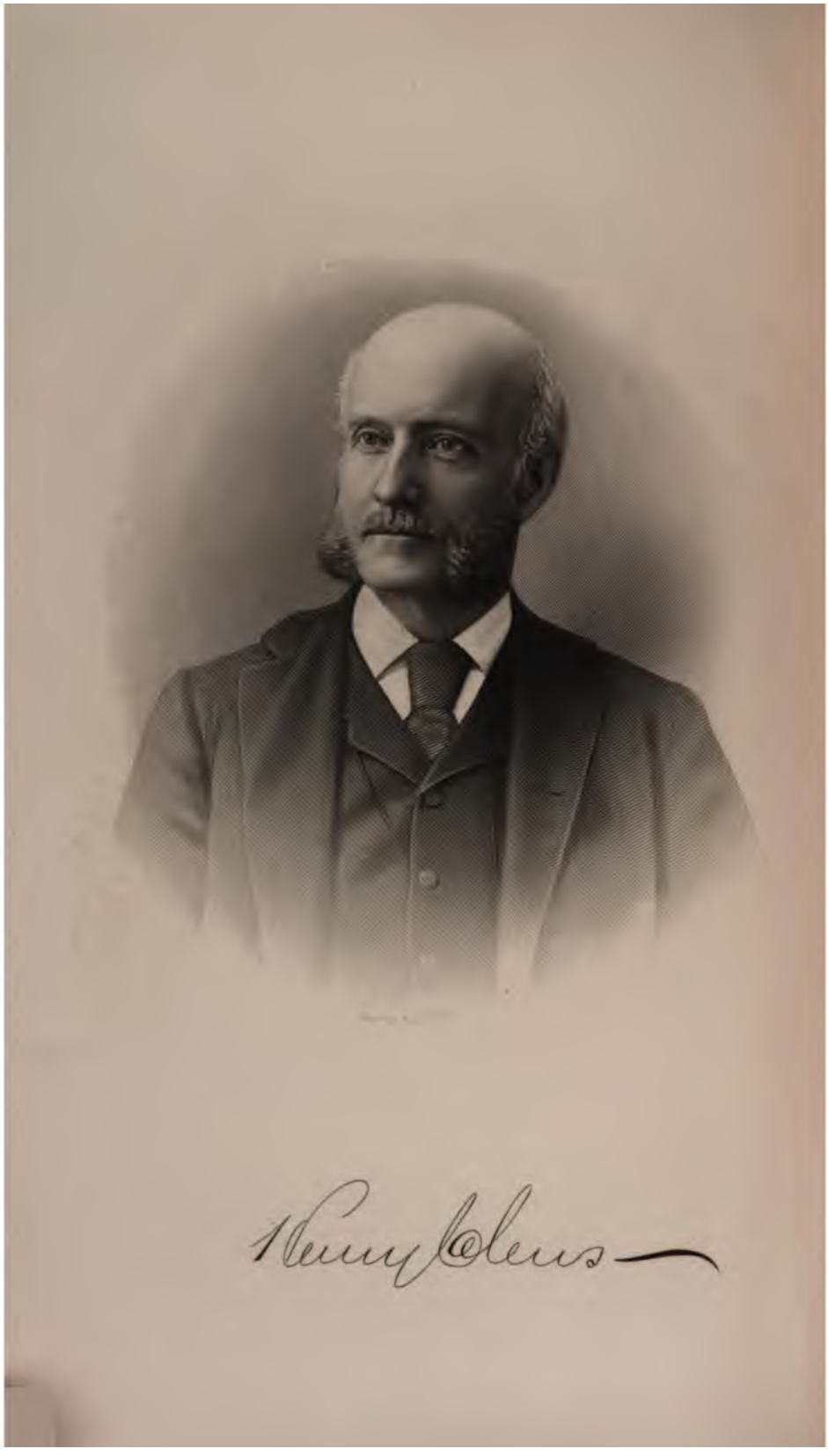
From John J. Pickering

SEXN

TWENTYEIGHT YEARS IN WALLSTREET

·BY·

HENRY CLEWS



TWENTY-EIGHT YEARS

——————IN WALL STREET.

HENRY CLEWS.

NEW YORK
IRVING PUBLISHING CO.
1888.

COPYRIGHT, 1887.
By HENRY CLEWS.

PREFACE BY THE AUTHOR.

This volume is respectfully inscribed to the thoughtful men interested in financial affairs the World over. This means almost anybody and practically everybody. It will be found of especial interest to the Bankers and Brokers in Wall Street—the Financial Centre of the New World and destined to be of the Whole World. Wherever suggestive it means the lessons of Experience; wherever Reflective, it is historical from memory; wherever Prospective it is based upon trust and belief in the greatness and growth of our Country and of the increasing importance of its money Centre.

Henry Clews—

MILLS BUILDING
NEW YORK.

To My Readers:

The following pages are intended to throw some light on imperfectly known events connected with Wall Street speculation and investments, and also with the condition and progress of the country from a financial standpoint, during the twenty-eight years which I have experienced in the great money centre.

The theme is worthy of an abler pen, but in the absence of other contributors to this branch of our National history, I venture the plain narrative of an active participator in the financial events of the times in which I have lived.

I have also made a brief retrospect of the history of Wall Street, and financial affairs connected therewith since the origin of the Stock Exchange in New York city.

In sketching the men and events of Wall Street, I have freely employed the vernacular of the speculative fraternity as being best adapted to a true picture of their characteristics, although probably not most consonant with literary propriety.

I have simply attempted to unfold a plain, unvarnished tale, drawing my material from experience and the records of reliable narrators.

HENRY CLEWS.

NEW YORK, Dec. 26, 1887.

CONTENTS.

PAGE

CHAPTER I.

MY DEBUT IN WALL STREET.

Results of the Panic of 1857.—Creating a Revolution in the Methods of Doing Business in Wall Street.—The Old "Fogies" of the Street, and How They were Surprised.—Their Prejudices and How they Originated.—The Struggle of the Young Bloods for Membership.—The Youthful Element in Finance Peculiar to this Country.—The Palmy Days of Little, Drew and Morse.—The Origin of "Corners," and the "Option" Limit of Sixty Days. 3

CHAPTER II.

WALL STREET AS A CIVILIZER.

Clerical Obliquity of Judgment About Wall Street Affairs.—The Slanderous Eloquence of Talmage.—Wall Street a Great Distributor, as Exhibited in the Clearing House Transactions.—Popular Delusions in Regard to Speculation.—What Our Revolutionary Sires Advised About Improving the Industrial Arts, Showing the Striking Contrast Between Their Views and the Way Lord Salisbury Wanted to Fix Things for This Country 13

CHAPTER III.

HOW TO MAKE MONEY IN WALL STREET.

How to Take Advantage of Periodical Panics in Order to Make Money.—Wholesome Advice to Young Speculators.—Alleged "Points" from Big Speculators End in Loss or Disaster. Professional Advice the Surest and Cheapest, and How and Where to Obtain It 19

CHAPTER IV.

IMPORTANCE OF BUSINESS TRAINING.

Sons of Independent Gentlemen make very bad Clerks.—They become Unpopular with the Other Boys, and must Eventually Go.—Night Dancing and Late Suppers don't Contribute to Business Success.—Give Merit its True Reward.—Keeping Worthless Pretense in its True Position.—Running

PAGE.

Public Offices on Business Principles.—A Piece of Gratuitous Advice for the Administration.—A College Course not in General Calculated to make a Good Business Man.—The Question of Adaptability Important.—Children should be Encouraged in the Occupation for which they show a Preference.—Thoughts on the Army and Navy..... 25

CHAPTER V.

PERSONAL HONOR OF WALL STREET MEN.

Breach of Trust Rare Among Wall Street Men.—The English Clergyman's Notion of Talmage's Tirades Against Wall Street. — Adventurous Thieves Have No Sympathizers Among Wall Street Operators.—Early Training Necessary for Success in Speculation.—Ferdinand Ward's Evil Genius. —A Great Business can only be Built up on Honest Principles.—Great Generals Make Poor Financiers, Through Want of Early Training.—Practical Business is the Best College..... 33

CHAPTER VI.

WALL STREET DURING THE WAR.

The Financiers of Wall Street Assist the Government in the Hour of the Country's Peril.—The Issue of the Treasury Notes.—Jay Cooke's Northern Pacific Scheme Precipitates the Panic of 1873.—Wall Street Has Played a Prominent Part in the Great Evolution and Progress of the Present Age..... 39

CHAPTER VII.

MORE WAR REMINISCENCES—BRITISH AND NAPOLEONIC DESIGNS.

How Napoleon Defied the Monroe Doctrine.—The Banquet to Romero.—Speeches by Eminent Financiers, Jurists and Business Men.—The Eloquent Address of Romero Against French Intervention.—Napoleon shows his Animus by Destroying the Newspapers Containing the Report of the Banquet.—The Emperor Plotting with Representatives of the English Parliament to Aid the Confederates and Make War on the United States..... 45

CHAPTER VIII.

FOREIGN INTRIGUES AGAINST AMERICAN LIBERTY.

How the Imperial Pirates of France and England Were Frightened Off Through the Diplomacy of Seward.—Ominous

PAGE.

Appearance of the Russian Fleet in American Waters.—Napoleon Aims at the Creation of an Empire West of the Mississippi, and the Restoration of the Old French Colonies.—Plotting with Slidell, Benjamin, Lindsay, Roebuck and Others.—Urging England to Recognize the Confederacy.—Disraeli Explains England's Designs and Diplomacy.—After the Naval Victory of Farragut and the Capture of New Orleans England Hesitates Through Fear, and Napoleon Changes His Tactics.—Renewal of Intrigues Between England and France.—Their Dastardly Purposes Defeated by the Victories of Gettysburg, Vicksburg and the General Triumph of the Union Arms..... 59

CHAPTER IX.

SECRETARY CHASE AND THE TREASURY.

The Depleted Condition of the Treasury when Mr. Chase took Office.—Preparations for War and Great Excitement in Washington.—Chivalrous Southerners in a Ferment.—Officials Up in Arms in Defence of their Menaced Positions.—Miscalculation with Regard to the Probable Duration of the War.—A Visit to Washington and an Interview with Secretary Chase.—Disappointment about the Sale of Government Bonds.—A Panic Precipitated in Wall Street.—Millionaires Reduced to Indigence in a Few Hours.—Miraculously Saved from the Wreck.—How it Happened..... 73

CHAPTER X.

THE NATIONAL BANKS.

Secretary Chase Considers the Problem of Providing a National Currency.—How E. G. Spaulding takes a Prominent Part in the Discussion of the Bank Act.—The Act Founded on the Bank Act of the State of New York.—Effect of the Act upon the Credit of the Country.—A New System of Banking Required..... 81

CHAPTER XI.

THE NEW YORK STOCK EXCHANGE.

History of the Organization for Ninety-four Years.—From a Button-Wood Tree to a Palace Costing Millions of Dollars.—Enormous Growth and Development of the Business.—How the Present Stock Exchange was Formed by the Consolidation of other Financial Bodies.—Patriotic Action During the War Period.—Reminiscences of Men and Events..... 87

PAGE.

CHAPTER XII.

"CORNERS" AND THEIR EFFECT ON VALUES.

The Senate Committee on "Corners" and "Futures."—Speculation Beneficial to the Country at Large.—A Regulator of Values, and an Important Agent in the Prevention of Panics.—"Corners" in all kinds of Business.—How A. T. Stewart made "Corners."—All Importing Firms deal in "Futures."—Legislation Against "Corners" would stop Enterprise and cause Stagnation in Business.—Only the Conspirators themselves get hurt in "Corners."—The Black Friday "Corner."—Speculation in Grain Beneficial to Consumers 95

CHAPTER XIII.

THE COMMODORE'S "CORNERS."

The Great Hudson "Corner."—Commodore Vanderbilt the "Boss" of the Situation.—The "Corner" Forced upon Him.—How he Managed the Trick of getting the Bears to "Turn" the Stock, and then caught them.—His able Device of Unloading while Forcing the Bears to Cover at High Figures.—The Harlem "Corner."—The Common Council Betrayed the Commodore, but were Caught in their own Trap, and Lost Millions.—The Legislature Attempt the same Game, and meet with a Similar Fate 107

CHAPTER XIV.

DANIEL DREW.

Drew, like Vanderbilt, an Example of Great Success without Education.—Controlled more Ready Cash than any man in America.—Drew goes Down as Gould Rises.—"His Touch is Death."—Prediction of Drew's Fall.—His Thirteen Millions Vanish.—How he caught the Operators in "Oshkosh" by the Handkerchief Trick.—The Beginning of "Uncle Daniel's" Troubles.—The Convertible Bond Trick.—The "Corner" of 1866.—Millions Lost and Won in a Day.—Interesting Anecdote of the Youth who Speculated outside the Pool, and was Fed by Drew's Brokers 117

CHAPTER XV.

DREW AND VANDERBILT.

Vanderbilt Essays to Swallow Erie, and Has a Narrow Escape from Choking.—He Tries to make Drew Commit Financial Suicide.—Manipulating the Stock Market and the Law Courts at the Same Time.—Attempts to "Tie Up" the

PAGE.

Hands of Drew.—Manufacturing Bonds with the Erie Paper Mill and Printing Press.—Fisk Steals the Books and Evades the Injunction.—Drew Throws Fifty Thousand Shares on the Market and Defeats the Commodore.—The "Corner" is Broken and Becomes a Boomerang.—Vanderbilt's Fury Knows no Bounds.—In his Rage he Applies to the Courts.—The Clique's Inglorious Flight to Jersey City.—Drew Crosses the Ferry with Seven Millions of Vanderbilt's Money.—The Commodore's Attempt to Reach the Refugees.—A Detective Bribes a Waiter at Taylor's Hotel, who Delivers the Commodore's Letter, which Brings Drew to Terms.—Senator Mattoon gets on the right side of Both Parties 127

CHAPTER XVI.

DREW AND THE ERIE "CORNERS."

A Harmonious Understanding with the Commodore.—How the Compromise was Effected.—An Interesting Interview with Fisk and Gould in the Commodore's Bed-Room.—How Richard Schell Raised the Wind for the Commodore.—Drew's Share of the Spoils.—He Tries to Retire from Wall Street, but Can't.—The Settlement that Cost Erie Nine Millions.—Gould and Fisk "Water" Erie again, to the Extent of Twenty-three Millions, but leave Drew out.—"Uncle Daniel" Returns to the Street.—He is Inveigled into a Blind Pool by Gould and Fisk, Loses a Million and Retreats from the Pool.—He then Operates Alone on the "Short" Side and Throws Away Millions.—He Tries Prayer but it "Availeth Not."—"It's no Use, Brother, the Market Still Goes Up."—Praying and Watching the Ticker.—Hopelessly "Cornered" and Ruined by his Former Pupils and Partners..... 137

CHAPTER XVII.

INTERESTING EPISODES IN DREW'S LIFE.

Incidents in the Early Life of Drew, and How he Began to Make Money.—He Borrows Money from Henry Astor, Buys Cattle in Ohio and Drives them over the Alleghany Mountains under Great Hardship and Suffering.—His Great Career as a Steamboat Man, and his Opposition to Vanderbilt.—His Marriage and Family.—He Builds and Endows Religious and Educational Institutions.—Returns to his Old Home after his Speculative Fall, but can find No Rest so Far away from Wall Street.—His Hopes through Wm. H. Vanderbilt of another Start in Life.—His Bankruptcy,

PAGE.

Liabilities and Wardrobe.—His Sudden out Peaceful End.—Characteristic Stories of his Eccentricities..... 147

CHAPTER XVIII.

PANICS.—THEIR CAUSES.—HOW FAR PREVENTABLE.

Not Accidental Freaks of the Market.—We are Still a Nation of Pioneers.—The Question of Panics Peculiarly American.—Violent Oscillations in Trade Owing to the Great Mass of New and Immature Undertakings.—Uncertainty about the Intrinsic Value of Properties.—Sudden Shrinkage of Railroad Properties a Fruitful Cause of Panics.—Risks and Panics Inseparable from Pioneering Enterprise.—We are Becoming Less Dependent on the Money Markets of Europe.—In Panics much Depends upon the Prudence and Self-control of the Money-Lenders.—The Law which Compels a Reserve Fund in the National Banks is at Certain Crises a Provocative of Panics.—George I. Seney.—John C. Eno.—Ferdinand Ward.—The Clearing House as a Preventive of Panics..... 157

CHAPTER XIX.

OLD-TIME PANICS.

The Panic of 1837.—How it was Brought About.—The State Banks.—How they Expanded their Loans under Government Patronage.—Speculation was Stimulated and Values Became Inflated.—President Jackson's "Specie Circular" Precipitates the Panic.—Bank Contractions and Consequent Failures.—Mixing up Business and Politics.—A General Collapse, with Intense Suffering..... 175

CHAPTER XX.

THE TRUE STORY OF BLACK FRIDAY TOLD FOR THE FIRST TIME.

The Great Black Friday Scheme originates in patriotic motives. Advising Boutwell and Grant to sell Gold.—The part Jim Fisk played in the Speculative Drama.—"Gone where the Woodbine Twineth."—A general state of Chaos in Wall Street.—How the Israelite Fainted—"What ish the prish now?"—Gould the Head Centre of the Plot to "Corner" Gold.—How he Managed to Draw Ample Means from Erie.—Gould and Fisk Attempt to Manipulate President Grant and Compromise him and his Family in the Plot.—Scenes and Incidents of the Great Speculative Drama..... 181

PAGE.

CHAPTER XXI.

CAUSES OF LOSS IN SPECULATION.

Inadequate Information.—False Information.—Defects of News Agencies.—Insufficiency of Margins.—Dangers of Personal Idiosyncrasies.—Operating in Season and out of Season.—Necessity of Intelligence, Judgment and Nerve.—An Ideal Standard.—What Makes a King Among Speculators?..... 201

CHAPTER XXII.

VILLARD AND HIS SPECULATIONS.

Return of the Renowned Speculator to Wall Street.—Recalling the Famous "Blind" Pool in Northern Pacific.—How Villard Captured Northern Pacific.—Pursuing the Tactics of Old Vanderbilt.—Raising Twelve Million Dollars on Paper Credit.—Villard Emerges from the "Blind" Pool a Great Railroad Magnate.—He Inflates his Great Scheme from Nothing to One Hundred Million Dollars.—His Unique Methods of Watering Stock as Compared with those of George I. Seney..... 209

CHAPTER XXIII.

FERDINAND WARD.

Peculiar Power and Methods of the Prince of Swindlers.—How he Duped Astute Financiers and Business Men of all Sorts, and Secured the Support of Eminent Statesmen and Leading Bank Officers, whom he Robbed of Millions of Money—The most Artful Dodger of Modern Times.—The Truth about the Swindle Practiced upon General Grant and his Family. 215

CHAPTER XXIV.

HENRY N. SMITH.

How Mr. Smith Started in Life and became a Successful Operator.—His connection with the Tweed "Ring," and how he and the Famous "Boss" made Lucky Speculations, through the use of the City Funds, in Making a Tight Money Market.—On the Verge of Ruin in a Pool with W. K. Vanderbilt.—He is Converted to the Bear Side by Woerishoffer, and Again Makes Money, but by Persistence in his Bearish Policy Ruins himself and Drags Wm. Heath & Co. down also..... 223

PAGE.

CHAPTER XXV.

KEENE'S CAREER.

He Starts in Speculation as a "Curbstone" Broker.—A Lucky Hit in a Mining Stock Puts Him on the Road to be a Millionaire.—His Speculative Encounter with the Bonanza Kings.—He Makes Four Millions, and Major Selover brings him to Wall Street, where they Form an Alliance with Gould, Who "Euchres" Both of Them.—Selover Drops Gould in an Area Way.—Keene Goes Alone and Adds Nine Millions More to His Fortune.—He Then Speculates Recklessly in Everything.—Suffers a Sudden Reversal and Gets Swamped.—Overwhelming Disaster in a Bear Campaign, Led by Gould and Cammack, in which Keene Loses Seven Millions.—His Desperate Attempts to Recover a Part Entail Further Losses, and He Approaches the End of His Thirteen Millions.—His Princely Liberality and Social Relations with Sam Ward and Others 239

CHAPTER XXVI.

OUR RAILROAD METHODS.

Deceptive Financiering.—Over-Capitalization.—Stock "Watering."—Financial Reconstructions.—Losses to the Public.—Profits of Constructors.—Bad Reputation of our Railroad Securities.—Unjust and Dangerous Distribution of the Public Wealth 241

CHAPTER XXVII.

THE GEORGIA REPUDIATION BOND SWINDLE.

How a Sovereign Southern State Cheated the Northern Men who Helped Her in Distress.—A New Way to Pay Old Debts.—Cancellation by Repudiation of Just Claims for Cash Loaned to Sustain the State Government, Build Public Schools and Make Needed Improvements.—Bottom Facts of the Outrage.—The Recent Attempt to Place a New Issue of Georgia Bonds on the Market while the Old ones Remain Unpaid.—The Case before the Attorney-General of the State of New York.—He Examines the Legal Status of the Bonds in Connection with the Savings Banks.—His Decision Prohibits these Institutions from Investing the Hard Earnings of the Working People in these Doubtful and Dangerous Securities.—A Bold Effort to have the Fresh Issue of Georgia Paper put upon the List of Legitimate Securities of the New York Stock Exchange Firmly Opposed and Eventually Frustrated 255

PAGE.

CHAPTER XXVIII.

ANDREW JOHNSON'S VAGARIES.

"Swinging Around the Circle."—How Mr. Johnson Came to Visit New York on His Remarkable Tour.—The Grand Reception at Delmonico's.—The President Loses His Temper at Albany and Becomes an Object of Public Ridicule.—His Proclamation of "My Policy" Ironically Received.—Returns to Washington Disgraced.—The Massacre of New Orleans.—The Impeachment of the President..... 289

CHAPTER XXIX.

THE DIX CONVENTION.

How the War Democrat, General Dix, was Elected Governor by the Republican Party.—The Candidates of Senator Conkling Rejected.—How Dix was Sprung on the Convention, to the Consternation of the Caucus.—Judge Robertson's Disappointment.—Exciting Scenes in the Convention.—General Dix declines the Nomination, but Reconsiders and Accepts on the Advice of His Wife and General Grant.—How Dix's Election Ensures Grant's Second Term as President..... 297

CHAPTER XXX.

CONSEQUENCES OF THE UTICA (DIX'S) CONVENTION.

A Chapter of Secret History.—Conkling gets the Credit for Dix's Nomination and His "Silence Gives Consent" to the Honor.—Robertson Regards Him as a Marplot.—The Senator Innocently Condemned.—The Misunderstanding which Defeated Grant for the Third Term, and Elected Garfield.—How the Noble "306" were Discomfited.—"Anything to Beat Grant."—The Stalwarts and the Half Breeds.—"Me Too"—The Excitement which Aroused Guiteau's Murderous Spirit to Kill Garfield..... 307

CHAPTER XXXI.

GRANT'S SECOND TERM.

The Best Man for the Position and Most Deserving of the Honor.—How the "Boom" was Worked up in Favor of Grant.—The Great Financiers and Speculators all Come to the Front in the Interest of the Nation's Prosperity and of the Man who had Saved the Country.—The Great Mass Meeting at Cooper Union.—Why A. T. Stewart Refused to Preside.—The Results of the Mass Meeting and how they

PAGE

were Appreciated by the Friends of the Candidate, Leading Representatives of the Business Community and the Public Press Generally, Irrespective of Party..... 313

CHAPTER XXXII.

THE TWEED RING, AND THE COMMITTEE OF SEVENTY.

The Ring Makes Itself Useful in Speculative Deals.—How Tweed and His "Heelers" Manipulated the Money Market.—The Ring Conspiring to Organize a Panic for Political Purposes.—The Plot to Gain a Democratic Victory Defeated and a Panic Averted Through President Grant and Secretary Boutwell, who were Apprised of the Danger by Wall Street Men.—How the Committee of "Seventy" Originated.—The Taxpayers Terrorized by Boss Tweed and his Minions.—How "Slippery Dick" got Himself Whitewashed.—Offering the Office of City Chamberlain as a Bribe to Compromise Matters.—How the Hon. Samuel Jones Tilden, as Counsel to the Committee, Obtained His Great Start in Life..... 327

CHAPTER XXXIII.

HON. SAMUEL J. TILDEN.

How Tilden began to make His Fortune in Connection with William H. Havemeyer.—Tilden's great Fort in Politics.—He Improves His Opportunity with the Discernment of Genius.—How Tilden became one of the Counsel of the "Committee of Seventy."—His Political Elevation and Fame dating from this Lucky Event.—The Sage of Greystone a Truly Great Man.—Attains Marvellous Success by His own Industry and Brain Power.—He not only Deserved Success and Respect, but Commanded them.—How his Large Generosity was Manifested in His Last Will and Testament.—The Attempt to Break that Precious Public Document..... 337

CHAPTER XXXIV.

COMMODORE VANDERBILT.—HOW HIS MAMMOTH FORTUNE WAS ACCUMULATED.

Ferryman.—Steamboat Owner.—Runs a Great Commercial Fleet.—The First and Greatest of Railroad Kings.—The Harlem "Corner."—Reorganization of N. Y. Central.—How He Milked the Street, and Euchred His Co-Speculators.—His Fortune.—Its Vast Increase by Wm. H..... 345

PAGE.

CHAPTER XXXV.

WM. H. VANDERBILT.

A Builder instead of a Destroyer of Public Values.—His Respect for Public Opinion on the Subject of Monopolies.—His first Experience in Railroad Management.—How he Improved the Harlem Railroad Property.—His great Executive Power manifested in every stage of advance until he became President of the Vanderbilt Consolidated System.—An Indefatigable Worker.—His habit of Scrutinizing Every Detail.—His Prudent Action in the Great Strike of 1877, and its Good Results.—Settled all misunderstandings by Peace and Arbitration.—Makes Princely Presents to his Sisters.—The Singular Gratitude of a Brother-in-Law.—How he Compromises by a Gift of a Million with Young Corneel.—Gladstone's Idea of the Vanderbilt Fortune.—Interview of Chauncey M. Depew with the G. O. M. on the subject.—The great Vanderbilt Mansion and the Celebrated Ball.—The Immense Picture Gallery.—Mr. Vanderbilt Visits some of the Famous Artists.—His Love of Fast Horses.—A Patron of Public Institutions.—His Gift to the Waiter Students.—While Sensitive to Public Opinion, has no fear of Threats or Blackmailers.—The Public be Damned.—Explanation of the rash Expression.—The Purchase of "Nickel Plate."—His Declining Health and Last Days.—His Will, and Wise Method of Distributing 200 Millions.—Effects of this Colossal Fortune on Public Sentiment..... 355

CHAPTER XXXVI.

"YOUNG CORNEEL."

The Eccentricities of Cornelius Jeremiah Vanderbilt, and his Marvellous Power for Borrowing Money.—He Exercises Wonderful Influence over Greeley and Colfax.—A Dinner at the Club with Young "Corneel" and the Famous "Smiler."—"Corneel" tries to make himself Solid with Jay Cooke.—The Commodore Refuses to Pay Greeley.—"Who the Devil Asked You?" retorted Greeley.—"Corneel's" marriage to a Charming and Devoted Woman.—How She Softened the Obdurate Heart of her Father-in-Law..... 375

CHAPTER XXXVII.

THE YOUNG VANDERBILTS AND THEIR FORTUNES.

Remarkable for Physical and Intellectual Ability.—The Mixture of Races and the Law of Selection.—The Wonderful Will and

PAGE.

the Wise Distribution of Two Hundred Millions.—Tastes, Habits and Social Proclivities of the Young Vanderbilts.—The Married Relations of Some of Them.—Being Happily Assorted they Make Good Husbands.—Their Property Regarded as a Great Trust.—Their Railroad System and its Great Army of Employes.—The Young Men Cautious About Speculating, and Conservative in their Expenses Generally 387

CHAPTER XXXVIII.

THE ROTHSCHILDS.

The Beginning of the Financial Career of the Great House of Rothschild.—The Hessian Blood Money was the Great Foundation of their Fortune.—How the Firm of the Five Original Brothers was Constituted.—Nathan the Greatest Speculator of the Family.—His Career in Great Britain, and how he Misrepresented the Result of the "Battle of Waterloo" for Speculative Purposes.—Creating a Panic on the London Stock Exchange.—His Terror of being Assassinated.—His Death Causes a Panic on the London Exchange and the Bourses 397

CHAPTER XXXIX.

TRAVERS.

The Unique Character of Travers.—His Versatile Attainments.—Although of a Genial and Humorous Disposition, He was Always a Bear.—How He was the Means of Preserving the Commercial Supremacy of New York.—He Squashes the English Bravado, and Saves the Oratorical Honor of Our Country.—Has the Oyster Brains?—It Must have Brains, for it Knows Enough to Sh-sh-shut Up.—The Dog and the Rat.—I d-d-don't want to Buy the D-d-dog; I will Buy the R-r-rat.—Travers on the Royal Stand at the Derby.—How He was Euchred by the Pool-Seller.—My Proxy in a Speech at the Union Club.—If You are a S-s-self-made Man, Wh-wh-y the D-devil didn't You put more H-hair on the Top of Your Head?—Other Witticisms, &c.—Death of the Great Wit and Humorist, and some of His Last Witty Sayings 407

CHAPTER XL.

CHARLES F. WOERISHOFFER.

The Career of Charles F. Woerishoffer and the Resultant Effect upon Succeeding Generations.—The Peculiar Power of the Great Leader of the Bear Element in Wall Street.—His Methods as Compared with Those of Other Wreckers of

PAGE.

Values.—A Bismarck Idea of Aggressiveness the Ruling Element of His Business Life.—His Grand Attack on the Villard Properties, and the Consequence Thereof.—His Benefactions to Faithful Friends..... 425

CHAPTER XLI.

WOMEN AS SPECULATORS.

Wall Street no Place for Women.—They Lack the Mental Equipment.—False Defenses of Feminine Financiers.—The Claflin Sisters and Commodore Vanderbilt.—Fortune and Reputation Alike Endangered..... 437

CHAPTER XLII.

WESTERN MILLIONAIRES IN NEW YORK.

Eastward the Star of Wealth and the Tide of Beauty Take their Course.—Influence of the Fair Sex on this Tendency, and Why.—New York the Great Magnet of the Country.—Swinging into the Tide of Fashion.—Collis P. Huntington.—His Career from Penury to the Possessor of Thirty Millions.—Leland Stanford—first a Lawyer in Albany, and afterward a Speculator on the Pacific Coast.—Has Rolled Up nearly Forty Millions.—D. O. Mills—an Astute and Bold Financier.—Courage and Caution Combined.—His Rapid Rise in California.—He Makes a Fortune by Investing in Lake Shore Stock.—Princes of the Pacific Slope.—Mackay, Flood and Fair.—Their Rise and Progress.—William Sharon —A Brief Account of His Great Success.—Wm. C. Ralston and His Daring Speculations.—Begins a Poor New York Boy, and Makes a Fortune in California.—John P. Jones.—His Eventful Career and Political Progress.—"Lucky" Baldwin.—His Business Ability and Advancement.—Lucky Speculations.—Amasses Ten or Fifteen Millions.—William A. Stewart.—Discovers the Eureka Placer Diggings.—His Success as a Lawyer and in Mining Enterprises.—James Lick.—One of the Most Eccentric of the California Magnates.—Real Estate Speculations.—His Bequest to the Author of the "Star Spangled Banner."—John W. Shaw, Speculator and Lawyer 447

CHAPTER XLIII.

RAILROAD INVESTMENTS.

Vastness of our Railroad System.—Its Cost.—Fall in the Rate of Interest.—Tendency to a Four Per Cent. Rate on Rail-

PAGE

road Bonds.—Effect of the Change on Stocks.—Prospective Speculation.—Some Social Inequities to be Adjusted through Cheaper Transportation..... 475

CHAPTER XLIV.

THE SILVER QUESTION.

Its Fundamental Importance.—Dangers of Neglecting it.—Attempts at Evasion.—How it must be Finally met.—Silver Paper Currency Schemes, and their Futility..... 481

CHAPTER XLV.

THE LABOR QUESTION.

Harmony Between the Representatives of Capital and Labor Necessary for Business Prosperity. — If Manufacturers should Combine to Regulate Wages the Arrangement could only be Temporary.—The Workingmen are Taken Care of by the Natural Laws of Trade.—Competition among the Capitalists Sustains the Rate of Wages.—Opinion of John Stuart Mill on this Subject.—Compelling a Uniform Rate of Pay is a Gross Injustice to the Most Skilful Workmen.—The Tendency of the Trades Unions to Debar the Workingman from Social Elevation.—The Power of the Unions Brought to a Test.—The Universal Failure of the Strikes.—Revolutionary Demands of the Knights of Labor.—Gould and the Strikes on the Missouri Pacific, &c., &c..... 491

CHAPTER XLVI.

AN IMPORTANT SYNOPSIS.

A Resume in Brief of the Leading Events Connected with Wall Street Affairs for Seventy-seven Years..... 503

CHAPTER XLVII.

INTERNATIONAL SIGNIFICANCE OF THE BARTHOLDI STATUE.

Great as an Achievement of Art, but Greater as the Embodiment of the Idea of Universal Freedom the World Over.—It is a Poetic Idea of a Universal Republic.—Enlightenment of the World Must Result in the Freedom of Man..... 525

CHAPTER XLVIII.

LARGE FORTUNES AND THEIR DISPOSITION.

How the Fortunes of the Astors were Made.—George Peabody and His Philanthropic Schemes.--Johns Hopkins and his Peculiarities.—A. T. Stewart and his Abortive Plans.—A

PAGE.

Sculptor's Opinion of his Head.—Eccentricities of Stephen Girard, and How he Treated his Poor Sister.—His Penurious Habits and Great Donations.—James Lenox and the Library which he Left.—How Peter Cooper Made his Fortune, and his Liberal Gifts to the Cause of Education.—Samuel J. Tilden's Munificent Bequests.—The Vanderbilt Clinic.—Lick, Corcoran, Stevens and Catharine Wolf..... 529

CHAPTER XLIX.

SOUTHERN AFFAIRS IN SPECULATION.

The Preservation of the Union a Great Blessing.—To Let them "Secesh" would have been National Suicide.—How Immigration has Assisted National Prosperity.—Rescued from the Dynastic Oppression of European Governments.—Showing Good Fellowship towards the Southern People and Aiding them in their Internal Improvements.—The South, Immediately after the War, had Greater Advantages than the North for Making Material Progress.—The Business of the North was Inflated.—The States of Georgia and Alabama Offered Inviting Fields for Investment.—Issuing State Securities, Cheating and Repudiating.—President Johnson Chiefly to Blame for the Breach of Faith with Investors who were Swindled out of their Money.—Revenge and Avarice Unite in Financial Repudiation..... 541

CHAPTER L.

WESTERN AND SOUTHERN FINANCIAL LEADERS.

Alfred Sully, his Origin and Successful Career.—Calvin S. Brice, a Financier of Ability.—General Samuel Thomas, Prominent in the Southern Railroad System.—General Thomas M. Logan, a Successful Man in Railroading and Mining.—Financial Chieftains of Baltimore.—The Garretts.—Their Great Success as Railroad Managers.—Portrait of Robert Garrett..... 553

CHAPTER LI.

ARBITRATION.

How the System of Settling Disputes and Misunderstandings by Arbitration has Worked in the Stock Exchange.—Why not Extend the System to Business Matters Generally?—Its Great Advantages over Going to Law.—It is Cheap and has no Vexatious Delays.—Trial by Jury a Partial Failure.—Some Prominent Cases in Point.—Jury "Fixing" and its

PAGE

Consequences.—How Juries are Swayed by their Sympathies.—A Curious Miscarriage of Justice before a Referee.—The Little Game of the Diamond Broker..... 561

CHAPTER LII.

NEW YORK AS A FINANCIAL CENTRE.

Its Past, Its Present, Its Future. — Banking Decadence. — Growth of Interior Centres.—Obstruction from the National Bank Laws. — Relief Demanded. — Requirements of the Future..... 577

CHAPTER LIII.

EARTHQUAKE THEORIES AND WALL STREET AFFAIRS.

The Shock of Every Calamity Felt in Wall Street.—Earthquakes the only Disasters which seem to Defy the Power of Precaution.—Becoming a Subject of Serious Thought for Wall Street Men and Business Men.—The Volcanic Theory of Earthquakes.—Other Causes at Work Producing these Terrific Upheavals.—Why Charleston was more Severely Shaken Up than New York.—Why the Southern Earthquake did not Strike Wall Street with Great Force.—Earthquakes Likely to Become the Great Disasters of the Future. 589

CHAPTER LIV.

AUGUST BELMONT.

The American Representative of the Rothschilds—Begins Life in the Rothschilds' House in Frankfort.—Consul General to Austria and Minister to the Hague.—A Great Financier and a Connoisseur in Art..... 595

CHAPTER LV.

THE SOCIALIST OBJECTIONS TO THE PRESENT ORDER OF SOCIETY EXAMINED.

Increase of Population and the Growing Pressure upon the Means of Subsistence.—Education and Moral Improvement the True Remedy for Existing or Threatened Evils.—Errors of Communism and Socialism.—How Socialistic Leaders and Philosophers Recognize the Truth.—Growth of Population Does Not Mean Poverty..... 599

CHAPTER LVI.

STOCK EXCHANGE CELEBRITIES.

How Wall Street Bankers' Nerves are Tried.—Fine Humor, Jocular Dispositions, and Scholarly Taste of Operators.—

PAGE.

George Gould as a Future Financial Power.—American Nobility Compared with European Aristocracy.—How the Irish Can Assist to Purge Great Britain of her Bilious Incubus of Nobility.—The Natural Nobility of our Own Country, and Their Destiny..... 603

CHAPTER LVII.

A LOOK INTO THE FUTURE.

What we Are.—What we Are Preparing For.—What we are Destined to Do and to Become.—We are Entering on an Era of Seeming Impossibilities.—Yet the Inconceivable will be Realized..... 611

CHAPTER LVIII.

JAY GOULD.

His Birth and Early Education.—Clerk in a Country Store.—He Invents a Mouse Trap.—Becomes a Civil Engineer and Surveys Delaware County.—Writes a Book and sells it.—Gets a Partnership in a Pennsylvania Tannery and soon Buys his Partner Out.—He comes to New York to sell his Leather, falls in love with a Leather Merchant's Daughter and Marries Her.—Settles in the Metropolis and begins to deal in Railroads.—Buys a Bankrupt Road from his Father-in-law, reorganizes it and sells it at a considerable profit.—Henceforth he makes his money dealing in Railroads.—His method of Buying, Reorganizing, and Selling Out at a Large Profit.—How he Managed Erie in connection with Fisk and Drew.—His Operations on Black Friday.—Checkmated by Commodore Vanderbilt and obliged to Settle.—He makes Millions out of Wabash and Kansas & Texas.—His Venture in Union Pacific.—His Construction Companies.—Organization of American Union Telegraph, and his method of Absorbing and Getting Control of Western Union.—The Strike of the Telegraphers and his Great Encounter with the Knights of Labor and Trades Unionists.—Gould's First Yachting Expedition.—An exceedingly Humorous Story of his early Experience on the Water.—His Status as a Factor in Railroad Management..... 619

CHAPTER LIX.

MEN OF MARK.

Cyrus W. Field.—Russell Sage.—Addison Cammack.—The Jerome Brothers.—Moses Taylor.—Chauncey M. Depew.—

PAGE.

Austin Corbin.—Anthony J. Drexel.—John A. Stewart.—Hon. Levi P. Morton.—Philip D. Armour.—Stedman, the Poet.—Stephen V. White.—Victor H. Newcombe.—James M. Brown.—Former Giants of the Street. —Henry Keep. —Anthony W. Morse..... 659

CHAPTER LX.

TWO YOUNG MEN OF PROMISE..... 683

CONCLUSION..... 685

ILLUSTRATIONS.

	PAGE.
Henry Clews	Frontispiece.
Mills Building	5
Jacob Little	13
J. B. Clews	686
C. M. Foster	686
Salmon P. Chase	39
John Sherman	73
E. G. Spaulding	81
New York Stock Exchange (exterior)	87
New York Stock Exchange (board room)	95
Daniel Drew	117
New York Clearing House (clearing room)	157
George I. Seney	175
Henry Villard	209
Georgia State Bond	255
James C. Flood	463
Samuel J. Tilden	337
Commodore Vanderbilt	345
W. H. Vanderbilt	355
Cornelius Vanderbilt	387
W. K. Vanderbilt	389
F. W. Vanderbilt	393
Three Rothschilds	397
Nathan Rothschild	401
W. R. Travers	407
C. P. Huntington	451
Leland Stanford	455
D. O. Mills	457
Charles Crocker	459
John W. Mackay	461
James G. Fair	465
Robert Garrett	553
August Belmont	595
George J. Gould	607
Jay Gould	619
Cyrus W. Field	659
P. D. Armour	661
Levi P. Morton	663
J. A. Stewart	665
A. J. Drexel	667
Leonard W. Jerome	669
Addison Cammack	671
Russell Sage	673
Chauncey M. Depew	675
James M. Brown	677
E. C. Stedman	679
Victor H. Newcombe	681
Moses Taylor	683
Thomas L. James	685

DEDICATION

TO THE

VETERANS OF WALL STREET,

MOST OF WHOM I HAVE KNOWN PERSONALLY.

My Dear Friends:

I have attempted, in the following pages, to relate in a simple and comprehensive manner, without any aim at elaboration, the leading features of the most prominent events that have come within the sphere of my personal knowledge and experience during the twenty-eight years of my busy live in Wall street. I have never kept a diary regularly, but have been occasionally in the habit of preserving certain memoranda in the form of letters, and a few scraps from the newspapers at various times. With these imperfect mementoes, I have revived my recollection to dictate to my stenographer the matter which these pages contain, in a somewhat crude form and unfinished style. In fact, I have not aimed at either finish or effect, not having the time, but have simply made a collection of important facts in my own experience that may help the future historian of Wall street to preserve for the use, knowledge and edification of posterity some of the most conspicuous features and events in the history of the place that is yet destined to be the great financial centre of the world.

If I can only succeed, out of all the poorly-arranged material I have gathered, in furnishing the historian of the future with a few facts for a portion of one of his chapters, I shall have some claim upon the gratitude of posterity.

In my description of Drew, Vanderbilt, Gould, Travers,

Keene, Conkling and others, I have followed the advice which Oliver Cromwell gave his portrait painter: "Paint me as I am," he said. "If you leave out a scar or a wrinkle, I shall not pay you a farthing." I have given my opinion of men and things also without any superstitious regard for the proverb *de mortuis nil nisi bonum.*

I have also endeavored to refrain from setting down aught in malice.

When any of those gentlemen of whom I have had occasion to speak, who still survive, shall write a book, they can indulge in the same privilege with my name that I have done with theirs, whether I am living or dead at the time.

I shall ask no indulgence for myself that I don't accord to others.

I have expressed my opinions freely from a Wall street point of view, from the standpoint of the much-abused operator and broker, and "bloated bondholder."

I have endeavored to enlighten the public on the true status of Wall street, as the very back-bone of the country's progress and prosperity, instead of misrepresenting it as a den of gamblers, according to the ignorant and somewhat popular prejudice of the majority who have attempted to write or speak on the subject. This feeling has been largely fostered by clergymen, on hearsay evidence, as well as by the practices of professional swindlers, who have been smuggled into Wall street from time to time, but who have no legitimate connection therewith any more than they have with the church, which repudiates them as soon as it discovers them.

In fact, the great aim of the book is to place Wall street in its true light before the eyes of the world, and help to efface the many wrong impressions the community have received regarding the method of doing business in the great financial mart to which the settlement of accounts in all our industry, trade and commerce naturally converges.

I have endeavored to correct the utterly erroneous impression that prevails outside Wall street, in regard to the nature of speculation, showing that it is virtually a great productive force in our political and social economy, and that without it railroad enterprise and other branches of industrial development which have so largely increased the wealth of the nation, would have made but slow progress.

To preserve and inculcate these ideas by putting them in what I hope may be a permanent form, is another object of publishing this volume. I know you can sympathize with me in this effort to set public opinion right, as many of you have long been making strenuous endeavors after success in the same direction.

To put the whole matter, then, into one short and comprehensive clause, my cardinal object in this book is to give the general public a clearer insight of the reputed mystery and true inwardness of Wall street affairs.

In my relation of certain reminiscences of Wall street, and in discussing the checkered career of certain brokers, operators and politicians, I have endeavored to be guided by a historic aphorism of Lord Macaulay:

"No past event has any intrinsic importance," says the great essayist, litterateur, historian and statesman. "The knowledge of it is valuable," he adds, "only as it leads us to form just calculations with respect to the future."

In the samples of my experience which I have given in this book I have aimed, to some extent, at this rendition of the noble purposes of history and biography in their philosophic and scientific application of teaching by example. If I have fallen far short of this high ideal of the British Essayist, as I humbly feel that I have, I must throw myself on the kind indulgence of the readers, and ask them to take the will for the deed. For the presentation of the facts themselves I crave no indulgence. They are gems worthy of preservation in the light

of the above definition. I only submit that the setting might be much better.

My chapters on politics may be considered foreign to the main issue, but as many of the events therein described were intimately connected with my business career, I think they are not much of a digression.

HENRY CLEWS.

MILLS BUILDING. (Opposite N. Y. Stock Exchange.)
NOS. 13 AND 15 BROAD ST.,
OCCUPIED BY THE
BANKING HOUSE OF HENRY CLEWS & CO.

TWENTY-EIGHT YEARS

IN

WALL STREET.

BY HENRY CLEWS.

CHAPTER I.

MY DEBUT IN WALL STREET.

MY advent in Wall Street was on the heels of the panic of 1857. That panic was known as the "Western blizzard." It was entitled to the name, as its destructive power and chilling effects had surpassed all other financial gales that had swept over Wall Street. The first serious result of its fatal force was the failure of the Ohio Life and Trust Company, a concern of gigantic dimensions in those days.

The Company had an office in Wall Street, and on the announcement of the collapse, business became completely paralyzed. This failure was immediately followed by the suspension of many large firms that had withstood the shock of all ordinary collisions and had successfully weathered many financial storms.

The panic was due in part to excessive importations of foreign goods, and also to the rapid construction of railroads, to a large extent on borrowed capital. There were other contributing causes. The crops were bad that year, and the country was unable to pay for its imports in produce, and coin was brought to the exporting point. In October, the New York City banks suspended payments, and their example was followed throughout the country.

Bank credits had been unduly expanded everywhere, and the time had naturally arrived for contraction. It came with a bound, and financial disaster spread like a whirlwind, becoming general.

The Stock Exchange had been a moderately growing concern for the ten years previous to this calamity, and the securities there dealt in had been rapidly accumulating in number and appreciating in value. Its members were wealthy and conservative, with a strong infusion of Knickerbocker blood, an admixture of the Southern element and a sprinkling of Englishmen and other foreigners.

The effect of the crisis on the majority of Stock Exchange properties was ruinous. Prices fell fifty per cent. in a few days, and a large proportion of the Board of Brokers were obliged to go into involuntary liquidation. There was a great shaking up all around.

Then came the work of rehabilitation and reorganization. Confidence gradually returned. The Young Republic had great recuperative powers, and they were thoroughly exerted in the work of resuming business. Much of the old conservative element had fallen in the general upheaval, to rise no more. This element was eliminated, and its place supplied by better material, and with young blood, and in December the banks resumed business.

This panic and its immediate results created an entire revolution in the methods of doing business in Wall Street. Prior to this time, the antique element had ruled in things financial, speculative and commercial. This crisis sounded the death knell of old fogyism in the "street." A younger race of financiers arose and filled the places of the old conservative leaders.

The change was a fine exemplification of the survival of the fittest, and proved that there was a law of natural selection in financial affairs that superseded old conservatism and sealed its doom.

Until that time, the general idea prevailed that those engaged in financial matters must be people well advanced in

years, even to the verge of infirmity. It is the same idea that has been handed down, as if by divine right, from old world prejudices, especially in the learned professions No doctor was considered a safe prescriber unless his hoary locks, bald head and wrinkled brow proclaimed that he had almost passed the period of exercising human sympathy. The same rule of judgment was applied to the lawyer and the clergyman.

These unworthy prejudices were fostered by the character of the Government of the old country, and nurtured by the surroundings of the venerable monarchies of Europe, where they exist largely even to the present day. So tenacious of life are these old-fashioned ideas, that many of them were found in full vigor, dominating Wall Street affairs up to the crash of 1857, fostering the antique element and choking off salutary enterprise.

Hence the process of decay of these archaic notions and our gradual development.

This struggle for new life in Wall Street was not successfully developed without a serious effort to attain it. The old potentates of the street fought hard to prolong their obstructive power, and their tenacious vitality was hard to smother, reminding one of the nine lives attributed to the feline species. The efforts of the young and enterprising men to gain an entrance to the Stock Exchange were regarded by the older members as an impertinent intrusion on the natural rights of the senior members. It was next to impossible for a young man, without powerful and wealthy patrons, to obtain membership in the New York Stock Exchange at the time of which I speak.

The old fellows were united together in a mutual admiration league, and fought the young men tooth and nail, contesting every inch of ground when a young man sought entrance to their sacred circle.

The idea then struck me that there was a chance for young men to come to the front in Wall Street. I was then engaged in the dry goods importing trade, in which I received

my early training. I had been kept out of the Exchange for several years by the methods to which I have alluded. My fate was similar to that of many others. It was only by an enterprising effort, and by changing the base of my operations, that I finally succeeded.

The commissions charged at that time were an eighth of one per cent. for buying and selling, respectively.

After numerous efforts to gain admission to the Exchange, without success, I finally made up my mind to force it. I at once inserted an advertisement in the newspapers, and proposed to buy and sell stocks at a sixteenth of one per cent. each way. This was such a bombshell in the camp of these old fogies that they were almost paralyzed. What rendered it more distasteful to them still was the fact that, while they lost customers, I steadily gained them. The result was that they felt compelled to admit me to their ranks, so that I could be kept amenable to their rules and do business only in their own conventional fashion. My membership cost me, in all, initiation fee and other trifling expenses in connection therewith, $500. This presents a striking contrast to the recent price of a seat, $35,000, but though this difference seems very large, yet the changes in every other respect connected with Wall Street affairs have been in similar proportion. Among some of the old members of that day were Jacob Little, John Ward, David Clarkson and others whose names may be found in the archives of the Stock Exchange.

As an instance of the way in which membership was then appreciated, it may be mentioned that speculators frequently offered $100 a week, or ten times the cost of membership, for the privilege of listening at the keyhole during the calls.

Although the prostration growing out of this panic was very great and of long continuance throughout the country, general confidence being shaken to its very foundation, yet, on the whole, it was a great gain, and marked an era of financial and speculative progress. It was the chief cause

in drawing out the young element in the business of Wall Street, which might have lain dormant for a much longer period without this sudden and somewhat rude awakening. It not only brought Young America to the front in speculation, commerce and general business, but it imparted an impetus of genuine enterprise to every department of trade and industry, from the good effects of which the country has never since receded.

This new element, emanating from the throes of one of the greatest business revolutions that any country has ever experienced, has continued to grow and thrive with marvellous rapidity. It is now getting so large that the Exchange will soon require a whole block instead of a basement as at its origin for its head-quarters. The Governing Committee of the Stock Exchange are now looking forward to arrangements for this consummation. How the ancient fathers of my early days in Wall Street would have been shocked at the bare idea of such amazing progress!

It is not the least singular phase of this evolution in Wall Street, that the youthful element to which I have referred stands alone as compared with the progress achieved by the same class of men in any other nation. In America only does the youthful element predominate in financial affairs; and results have justified the selection, which perhaps in no other nation is possible. Thanks to the freedom of our Republican institutions, which, in spite of some individual deductions and the occasional obstructions of "crankdom," make way for that progress, in the wake of which the other nations of the world are emulous to follow.

The Exchange was at this time situated on William street between Beaver street and Exchange Place. That place is rich in speculative reminiscences. It was there that Jacob Little made and lost his nine fortunes. It was there that Anthony Morse, the lightning calculator, operated. He could foot up four columns of figures as easily as the ordinary accountant could run up one. He had been a clerk, and having saved seven hundred dollars by close economy,

began to deal in stocks. His career at that time was more marvellous even than that of Keene of a recent date. Morse made a fortune of several millions in a year, and became bankrupt during the same period, without any available assets to speak of. It was all honorably lost, however. There was no Ferdinand Ward game connected with it.

Youthful speculators had not then learned the "crooked" methods of the young idea of modern times. It was there also that Daniel Drew began to accumulate those millions that afterward were subject to such a rude scattering. It was there that the celebrated "corners" in Rock Island, Prarie du Chien and Harlem were concocted. It was there that the wealth was accumulated which built twenty thousand miles of Western railroads, causing many millions of acres, that would otherwise have been a wilderness, to blossom like the rose, in spite of Mr. Powderly's opinion that no material good can come out of speculation, and thus adding immense wealth in real estate to the country, besides conferring incalculable benefits on trade and commerce, and preparing comfortable homes not only for the pioneers and surplus population of the Eastern States, but a teeming soil that has attracted the down-trodden of every nation to come and partake of the blessings of freedom and prosperity.

One of Jacob Little's speculative ventures has been rendered historically famous through the rule of limitation of sixty days for option contracts. The necessity for this limit was brought about by one of his celebrated attempts to manipulate the market. He was one of the most prominent speculators in Erie in the early days of Drew's transactions with that property and its stocks. Mr. Little had been selling large blocks of Erie on seller's option, to run from six to twelve months. This was in the early history of "corners," before the method of managing them scientifically had been fully developed and while "blind pools" were yet in embryo.

The leading members of the Erie Board formed a pool to "corner" Mr. Little, and ran Erie shares up to a consid-

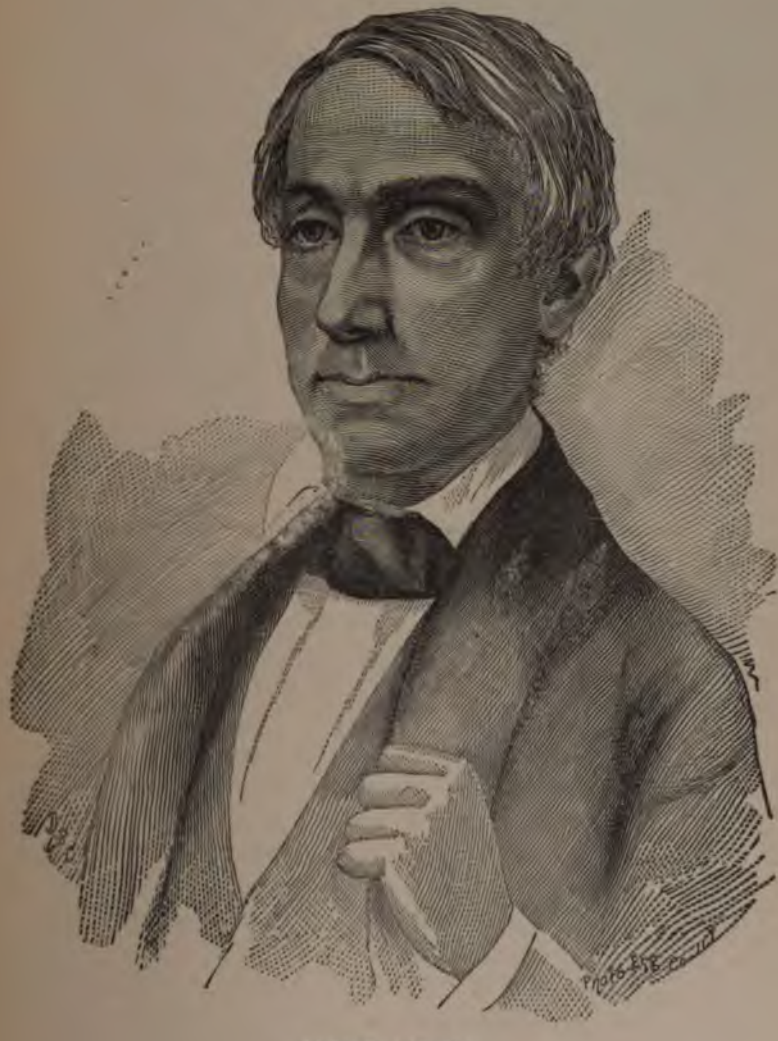
erable height. They imagined that he was in blissful ignorance of their purpose, and had everything arranged for a *coup d'etat* which was to reach its crisis at two o'clock on a certain day, when Little was to be completely overwhelmed and hopelessly ruined. An hour prior to the time appointed by the clique for his disaster he walked into the Erie office, opened a bag filled with convertible bonds, and requested an exchange of stock for the same. He had purchased the bonds in London and had them safely locked up for the emergency, which he promptly met on its arrival. He got the stock, settled his contracts, broke the "corner," and came out triumphantly.

The option limit of sixty days was afterwards adopted in order to prevent similar triumphs in manipulation on the "short" side.

As will be illustrated more fully in subsequent chapters, Mr. Little's convertible bond trick was used with signal advantage by his speculative successors in Erie, who practically demonstrated on several occasions that there were millions in it.

Mr. Little was generous and liberal to a fault with his brother speculators who had experienced misfortune. He used to say that he could paper his private office with notes he had forgiven to the members of the Board. He was also remarkable for his great memory. He could easily remember all the operations he made in the course of a day without making a note or a mistake.

Like Drew, he was careless in his attire, wearing a hat like that of a farmer, and not a very prosperous one, but he had no compeer in his day at calculating ahead in a speculative venture.



JACOB LITTLE.

CHAPTER II.

WALL STREET AS A CIVILIZER.

CLERICAL OBLIQUITY OF JUDGMENT ABOUT WALL STREET AFFAIRS.—THE SLANDEROUS ELOQUENCE OF TALMAGE.—WALL STREET A GREAT DISTRIBUTOR, AS EXHIBITED IN THE CLEARING HOUSE TRANSACTIONS.—POPULAR DELUSIONS IN REGARD TO SPECULATION.—WHAT OUR REVOLUTIONARY SIRES ADVISED ABOUT IMPROVING THE INDUSTRIAL ARTS, SHOWING THE STRIKING CONTRAST BETWEEN THEIR VIEWS AND THE WAY LORD SALISBURY WANTED TO FIX THINGS FOR THIS COUNTRY.

THE dense ignorance displayed by men outside of Wall Street, in regard to the business of that great mart, is almost incredible. Even the most intelligent men I meet in other professions and walks of life have the most utterly crude and undefined notions about the methods of doing business at the Stock Exchange. Many good and pious clergymen are under the impression that Wall Street is a name for the sum total of all kinds of infamy, and solemnly exhort their devoted flocks not to touch the unclean thing.

Clerical obliquity of judgment is not quite so bad, nor popular ignorance so dense in this respect, as it has been, but there is a large field for improvement yet. The business activity of the country, and the spirit of intercourse being so rapidly infused throughout all ranks of the community, have demonstrated that this antipathy to Wall Street has been simply an unworthy prejudice, in spite of the high moral authority from which it has emanated.

I don't wish to throw any aspersion on the noble purposes of the clergy. The end they have been seeking has been good, but it has not always justified the means employed. These good men have unwittingly misrepresented Wall Street, to the great detriment of the business interests of the country.

There is no excuse, however, for a man in this enlightened age, who professes to be a Shepherd in Israel and a spiritual leader of the people, to remain ignorant of an important fact, or to continue to see that fact through a false medium, when he has the opportunity of coming into Wall Street and seeing for himself. He has no right to set himself up as a censor, a public detractor, and a public libeller upon a set of men and merchants who are the bone and sinew of the commercial and industrial interests and prosperity of the country. It is not only a personal wrong but a public injury.

The Rev. T. De Witt Talmage has perhaps done more than any other clergyman to make our speculators, investors and business men ridiculous in the eyes of the rest of the community and in the estimation of John Bull, in whose dominion his so-called sermons are extensively read. Talmage has employed his flashing wit and mountebank eloquence to bring financial disgrace on the business methods of the whole country by the manner in which he has ignorantly vilified Wall Street.

He can go to the Cremorne Garden, Billy McGlory's, Harry Hill's and other places of dubious reputation, and make himself acquainted with the real condition of things there.

How far he has penetrated into the green rooms and behind the scenes in these places it is not my business to know, but why should he not treat Wall Street as fairly, where everything is open to inspection, as he does these dens of vice, where midnight scenes of villainous revelry and reckless dissipation reign supreme? Why does he misrepresent Wall Street without knowing anything about it? He can come here and go wherever he wishes without a bodyguard of detectives or fear of molestation. Why is he so particular about doing justice to the brothel and the gaming den, while he airs his ludicrous eloquence to the highest pitch to falsify the respectable business methods of Wall Street?

I recollect the time that men in the higher walks of life, and among the higher classes (if I may use the expression, in opposition to the opinion of the New York *Sun*, whose editor maintains that we have no classes in this country) would have been ashamed to be seen in Wall Street. Now, men in the same sphere are proud of the distinction, both socially and financially. In fact Wall Street has become a necessity as a healthy stimulant to the rest of the business of the country. Everything looks to this centre as an index of its prosperity. It moves the money that controls the affairs of the world.

Take the Clearing House, for example, with its 50 billions of transactions annually. All but a fraction of this wonderful wealth, compared with which the stupendous pile of Crœsus was a mere pittance, passes through Wall Street, continually adding to its mighty power. This great power, in comparison with which the influence of monarchies is weak, is not, like the riches of these, concentrated chiefly on itself. It is imparted to all the industries and productive forces of the country. Wall Street is a great distributor. It is also universal in its benevolent effects, practically unlimited by either creed or geography.

It has taken greater advantage, for the general good, of scientific discovery than all the scientific societies combined. Wherever the electric wires have penetrated the Wall Street broker has followed. The members of the Stock Exchange are, through the power of electricity, in closer sympathy with the great heart of civilized humanity than all the missionaries and philanthropic societies in the world. They are the great cosmopolitans of the age. In practical sympathy they outshine the most devoted efforts of the benevolent associations of half the continent. They have the means to do it, and this comes chiefly from being practical, and from their strong antipathy as a body to cant and hypocrisy.

There are many popular delusions outside the ranks of the clergy connected with the effort to form a correct esti-

mate of Wall Street affairs by the general public. It is a popular delusion that it is a place where people who are in the "ring" take something for nothing. No idea could be further wide of the mark in regard to Wall Street men as a class, however true it may be of some individual instances, as in other departments of business. Wall Street gives full value for everything it receives, and the country at large is deeply its debtor. Some people may think this a paradox, but there is nothing more easily demonstrated to those who have observed the commercial and industrial progress of the country and the age.

Wall Street has furnished the money that has set the wheels of industry in motion over the vast continent, and in one century has brought us abreast, in the industrial arts, of countries that had from one to two thousand years the start of us. In this respect it has assisted nobly to carry out the ideas of the fathers of the Constitution. Washington, Jefferson, Madison, Franklin and Hamilton laid down the doctrine that it would be a betrayal of the interests of posterity to limit the productive energies of this country to raw material. With our present experience we may think it strange that this question should ever have been debated, but it was, even after the old tyranny had been obliged to loosen its grasp on the struggling enterprise of the young Republic. Our old revolutionary sires deserve credit for their foresight, but what would have been the fate of their commercial philosophy if Wall Street had not supplied the sinews of war to cope with the forces of nature, to work our mines and build our railroads, and through these and other means, to attract the teeming population from every clime to cultivate our virgin soil and develop our wonderful industries and resources?

Apropos of the above observations, I may add that during the debate in the British Parliament, on the recognition of the Confederacy, the great manufacturing power in our industrial, financial and commercial progress was clearly

exhibited and thoroughly appreciated by British statesmen. It was made one of the strongest arguments, too, by some of the representatives of our jealous and envious cousins on the other side of the "pond," why Great Britain should recognize and aid the South in the war. Lord Salisbury, then Lord Robert Cecil, at present the leader of the Tory party in England, and the advocate of twenty years' coercion for Ireland, was one of the bitterest foes of the Union, chiefly on this account. He was one of the Vice-Presidents of the "Southern Independent Association," for the promotion of the cause of the Rebellion, and for supplying the Confederates with money and arms, and for the ultimate object of founding an empire of slavery on this continent.

In his speech then, on the Southern blockade, the future Lord Salisbury made the following touching allusion to our dangerous prosperity on this side: "The plain matter of fact is, as every one who watches the current of history must know, that the Northern States of America never can be our sure friends, for this simple reason—not merely because the newspapers write at each other, or that there are prejudices on both sides, but because we are rivals—rivals politically, rivals commercially. We aspire to the same position. We both aspire to the government of the seas. We are both manufacturing people, and in every port as well as at every court we are rivals to each other. With respect to the Southern States the case is entirely reversed. The population are an agricultural people. They furnish the raw material of our industry, and they consume the products which we manufacture from it. With them, therefore, every interest must lead us to cultivate friendly relations, and we have seen that when the war began they at once recurred to England as their natural ally."

Thus we see how anxious Great Britain was to take the place which the North has reserved for itself, and so proudly maintained in commerce and industry.

The great coming man, Salisbury, wanted to reduce us all

to the position of hewers of wood, drawers of water and planters and pickers of cotton, for the special accommodation of Great Britain, as the mighty centre of the world's manufacturing industries. This would have given a set-back to our civilization, causing us to make a retrogressive move to the dark ages. Since then we have afforded this noble lord and his nation ample proof that we are very far advanced in the manufacturing arts ourselves, and that in many things we are far ahead of England, and they are no doubt greatly surprised that the arrangement by which England was to have all the profit and America all the hard work, has not been carried out.

In this wonderful development of the industrial arts, Wall Street money, enterprise and speculation have played by far the most conspicuous and progressive part, thus enabling us, in little more than two decades, to outstrip the old nations that were so anxious to enslave us, in spite of the fact that they had centuries upon centuries the start of us. It must be galling to some of these people that we are now the most available candidates for the commercial and industrial supremacy of the world, and we have attained this position, in a great measure, through the instrumentality of Wall Street as a civilizer.

CHAPTER III.

HOW TO MAKE MONEY IN WALL STREET.

How to take Advantage of Periodical Panics in Order to Make Money.—Wholesome Advice to Young Speculators.—Alleged "Points" from Big Speculators End in Loss or Disaster.—Professional Advice the Surest and Cheapest, and How and Where to Obtain it.

But few gain sufficient experience in Wall Street to command success until they reach that period of life in which they have one foot in the grave. When this time comes these old veterans of the Street usually spend long intervals of repose at their comfortable homes, and in times of panic, which recur sometimes oftener than once a year, these old fellows will be seen in Wall Street, hobbling down on their canes to their brokers' offices.

Then they always buy good stocks to the extent of their bank balances, which have been permitted to accumulate for just such an emergency. The panic usually rages until enough of these cash purchases of stock is made to afford a big "rake in." When the panic has spent its force, these old fellows, who have been resting judiciously on their oars in expectation of the inevitable event, which usually returns with the regularity of the seasons, quickly realize, deposit their profits with their bankers, or the overplus thereof, after purchasing more real estate that is on the up grade, for permanent investment, and retire for another season to the quietude of their splendid homes and the bosoms of their happy families.

If young men had only the patience to watch the speculative signs of the times, as manifested in the periodical egress of these old prophetic speculators from their shells of security, they would make more money at these intervals

than by following up the slippery "tips" of the professional "pointers" of the Stock Exchange all the year round, and they would feel no necessity for hanging at the coat tails, around the hotels, of those specious frauds, who pretend to be deep in the councils of the big operators and of all the new "pools" in process of formation. I say to the young speculators, therefore, watch the ominous visits to the Street of these old men. They are as certain to be seen on the eve of a panic as spiders creeping stealthily and noiselessly from their cobwebs just before rain. If you only wait to see them purchase, then put up a fair margin for yourselves, keep out of the "bucket shops" as well as the "sample rooms," and only visit Delmonico's for light lunch in business hours, you can hardly fail to realize handsome profits on your ventures.

The habit of following points which are supposed to emanate from the big operators, nearly always ends in loss, and sometimes in disaster to young speculators. The latter become slavish in their methods of thought, having their minds entirely subjected to others, who are presumed to do the thinking for them, and they consequently fail to cultivate the self-reliance that is indispensable to the success of any kind of business.

To the question often put, especially by men outside of Wall Street, "How can I make money in Wall Street?" there is probably no better answer than the one given by old Meyer Rothschild to a person who asked him a similar question. He said, "I buys 'sheep' and sells 'dear.'"

Those who follow this method always succeed. There has hardly been a year within my recollection, going back nearly thirty years, when there have not been two or three squalls in "the Street," during the year, when it was possible to purchase stocks below their intrinsic value. The squall usually passes over in a few days, and then the lucky buyers of stocks at panic prices come in for their profits ranging from five to ten per cent. on the entire venture.

The question of making money, then, becomes a mere matter of calculation, depending on the number of the squalls that may occur during any particular year.

If the venture is made at the right time—at the lucky moment, so to speak—and each successive venture is fortunate, as happens often to those who use their judgment in the best way, it is possible to realize a net gain of fifty per cent. per annum on the aggregate of the year's investments.

In this way it is easy to see how the rich will get richer, and the poor poorer.

Sometimes men make money in Wall Street by strange turns in their fortunes that appear like having been governed by a special Providence, and this sometimes occurs when men appear to be utter wrecks.

One of the strangest examples of this kind, in my personal experience, occurred in the summer of 1885.

A man called at my office utterly broken down in spirit, but with a few hundred dollars left out of many thousands that he had possessed a few months previously.

"I read your letter of the third of July," he said, "and had some mind to act on the advice which it contained, but was unfortunately dissuaded therefrom by reading an article in a city paper by a very able writer, who had got the bearish mania, then prevalent, on the brain, and who, I am informed, is now, like myself, almost ruined."

"I hardly know what to do," he continued. "I have a few hundred dollars left, which I will leave with you, and you can use your pleasure with it. I am going out to the country for the remainder of the summer. I will leave my address with you, and, if there is any good result, you can let me know of it. I really don't hope for much, and of course, I need hardly tell you that, in the event of being 'wiped out,' you need not apply to me for more margin. Let this go with the rest," he added, in a despairing tone.

The man walked sadly out, and I did not see him again for months. I invested his pittance on the *carte blanche*

order which he had given me, to the best of my judgment. The result was favorable, and his account began to accumulate. He was duly advised, according to our business methods, of his good luck, but I did not hear anything from him personally for several months.

One day, a portly gentleman, with rosy health beaming in his face, stepped into my private office, and was quite profuse in his thanks to me.

"Well," I said; "I have but a hazy recollection of your acquaintance, if I know you at all."

"Don't you recollect," he said, "the time I went to the country in summer, when I told you my case, and how I had been unfortunate in speculation?"

"And are you the man who went to the country in despair to die?" I asked, in surprise at his changed appearance.

"I am," he replied, "and I owe the wonderful change which you now see to your timely advice. I staked almost my last dollar on that counsel, and now I am comfortably fixed through your management of the small fund placed at your disposal."

Now, this was an example of a man who did make money simply by taking the advice that was freely tendered him.

There are others who lose, in spite of all that the most honest judgment can do to prevent them.

Some men, when they have money, are so fearfully perverse that all attempts to get them to do the right thing only have the opposite effect, and they prefer to follow every wild rumor.

One day, for instance, a man gave me an order to buy a thousand shares of Erie without limit. The order was executed at 94. I had no sooner bought it than the stock went down.

My customer returned in a short time and ordered the stock to be sold. It was then 92¼.

In half an hour afterwards he returned again and ordered it bought back again, without any limit as before. It was bought back at 95.

After consulting with other friends for some time he ordered it sold again. The market by that time was 90.

He then came back the fifth time, and said: "I first saw one man who told me to buy, and then another who told me to sell. I understand one is called a 'bull' and the other a 'bear.' About these names I don't know much, but I do know now that I am a ——— jackass."

This affords a good illustration of the way the average speculator is managed and perplexed in Wall Street. There is a means of avoiding such a peck of trouble, however, if he would only take a little wholesome advice, wait patiently for a proper opportunity, and not rush headlong to purchase on the "tips" of the delusive rumor mongers. He would then begin to learn how to make money in Wall Street.

As I have pointed out in another chapter, speculation is a business that must be studied as a specialty, and though it is popularly believed that any man who has money can speculate, yet the ordinary man, without special training in the business, is liable to make as great a mistake in this attempt, as the man who thinks he can act as his own lawyer, and who is said "to have a fool for a client."

The common delusion, that expert knowledge is not required in speculation, has wrecked many fortunes and reputations in Wall Street, and is still very influential in its pernicious and illusory achievements.

When a man wants correct advice in law he goes to a professional lawyer in good standing, one who has made a reputation in the courts, and who has afforded other evidence to the public that he is thoroughly reliable. No man of average common sense would trust a case in law to a bar room "bummer" who would assert that he was well acquainted with Aaron J. Vanderpoel, Roscoe Conkling, and Wm. M. Evarts, and had got all the inside "tips" from these legal lights on the law relating to the case in question. The fellow would be laughed at, and, in all probability, if he persisted in this kind of talk, would be handed over to

the city physician to be examined in relation to his sanity; but in Wall Street affairs men can every day make similar pretensions and pass for embodiments of speculative wisdom.

If speculators are caught and fleeced by following such counsel, the professional brokers who are members of the Stock Exchange, are no more to blame than the eminent lawyers to whom I have referred would be for the upshot of a case that had been taken into court on the advice which some irresponsible person had pretended to receive from these celebrities of the New York Bar.

Professional advice in Wall Street, as in legal affairs, is worth paying for, and costs far less in the end than the cheap "points" that are distributed profusely around the Street, thick as autumn leaves in Vallombrosa, and which only allure the innocent speculator to put his money where he is almost certain to lose it.

My advice to speculators who wish to make money in Wall Street, therefore, is to ignore the counsel of the bar-room "tippers" and "tipplers," turn their backs on "bucket shops," and when they want "points" to purchase, let them go to those who have established a reputation for giving sound advice in such matters, and who have ample resources for furnishing correct information on financial topics, as well as a personal interest in making all the money they can for their clients.

There is no difficulty in finding out such reliable men and firms in the vicinity of Wall Street, if speculators will only read the newspapers, or make inquiry of the first messenger boy they may happen to meet.

CHAPTER IV.

IMPORTANCE OF BUSINESS TRAINING.

SONS OF INDEPENDENT GENTLEMEN MAKE VERY BAD CLERKS.—THEY BECOME UNPOPULAR WITH THE OTHER BOYS, AND MUST EVENTUALLY GO.—NIGHT DANCING AND LATE SUPPERS DON'T CONTRIBUTE TO BUSINESS SUCCESS.—GIVE MERIT ITS TRUE REWARD.—KEEPING WORTHLESS PRETENSE IN ITS TRUE POSITION.—RUNNING PUBLIC OFFICES ON BUSINESS PRINCIPLES.—A PIECE OF GRATUITOUS ADVICE FOR THE ADMINISTRATION.—A COLLEGE COURSE NOT IN GENERAL CALCULATED TO MAKE A GOOD BUSINESS MAN.—THE QUESTION OF ADAPTABILITY IMPORTANT.—CHILDREN SHOULD BE ENCOURAGED IN THE OCCUPATION FOR WHICH THEY SHOW A PREFERENCE.—THOUGHTS ON THE ARMY AND NAVY.

I HAVE usually found that the sons of independent gentlemen, who have great expectations, make very poor clerks and don't develope into Good Wall Street men.

Their expectations seem to dwarf the ability that might develope under the more favorable auspices of being obliged to paddle their own canoe. Like the light under a bushel, referred to in the Good Book, their brilliant qualities are obscured and circumscribed by the paternal protection in prospect. They have not a sufficient incentive to work, because they know that all they require for their natural wants will fall easily into their laps. The motives, therefore, which usually develope the greatest mental qualities are absent and the qualities themselves lie dormant, and frequently decay like poppy seeds in their seed vessels, without being productive of the fruits which are the result of industrial habits and the desire for acquisition. Such young men, instead of being a help to an office into which they happen to be thrust, often through friendship and favoritism, are a great hindrance and a stumbling block in the path to promotion of other young men.

After many ineffectual attempts to reform and remodel them, they have generally to be discarded, as the drone bees are ejected from the rest of the industrious hive. And they usually become as unpopular with the other boys as the drone does with his comrades who make the honey and will not suffer the idle fellow to feast on the fruits of their labor.

Young men who have nothing but their own resources to depend upon will be found far more meritorious than this higher class. There are some eminent exceptions, but it takes a large amount of good sense to counteract the conceit instilled by the idea of financial independence by birth.

The latter are more liable to youthful and enervating excesses, as they have the means to indulge in nocturnal amusements that are not conducive either to clear brains or active habits during the day.

Night dancing and late suppers, with some of their social concomitants, when habitually indulged, don't contribute to business success. I know how this is myself, and therefore speak feelingly; but I don't lay myself open to the charge of egotism when I say that I have never permitted the habit to get the better of me.

I am not setting myself up as a censor of other men's habits, nor attempting to utter mere moral or religious cant. I am simply discussing the question from a scientific and physical standpoint, and I say that these habits don't contribute to business success, but, on the contrary, form one of the greatest hindrances to it. They make any man, no matter how strong he may be, physically unfit for ordinary business. These "recreations" up town, however attractive and delightful they may be, don't fit a young man for business down town. The line must be drawn somewhere. Let us draw it, say, at Fourteenth street.

There has been much said and written about Civil Service Reform by various authorities from President Cleveland down to Dorman B. Eaton and the Custom House officials. The great rule to follow is to give merit its true reward.

This draws out the best efforts of the recipient, where real merit is found, and keeps the drones beyond the pale of competition. It develops the qualities that are worthy of being encouraged, and keeps worthless pretense in its true position. This is the rule I have adhered to in my office, and it works like a charm. My office, though not quite so large as the Custom House or Post Office of New York city, I think affords a fair test of what could be done on the largest possible scale.

If public office is a public trust, and we have the high authority of President Cleveland and of the New York *Tribune* for saying so, I think it can be administered on the same business principles that have contributed to the success of some of the largest and most successful firms in the world; and among these, I think I can say without egotism, as the matter is capable of demonstration, that the house of which I have the honor to be the head, stands second to none in the attributes to which I have referred.

The reader may say, "This is a puff for his own house." Well, even so. If it is, it is true, and will bear the strictest investigation. So I don't see why I should feign any false modesty about the assertion. It would be sheer affectation to do so.

Collegiate education is a great question for debate among literary men, journalists and business men, as to its utility in forming the character of youth for business life. As the college curriculum and training stand at present, the ordinary course is not in general calculated to make a good business man. It is erroneously regarded by some people as a kind of substitute for business training in the earlier years of a young man's life. There could be no greater mistake in the beginning of a business career. It is in many instances not only a hindrance, but absolutely fatal to success. To put a young man in an office fresh from college, on a level with one of the same age who has been training in business methods since he left the common school, is demoralizing to both.

I wish to have it distinctly understood that in the foregoing remarks I have not made any attempt to cast the slightest reflection on the personal attributes and abilities of any young man in any line of life or status of society, and I make this statement perfectly independent of the mere social incident as to whether the young man in question may part his hair in the middle or assume other dudish airs. That is his business, and I have no right to trench on the sacred precincts of his individuality, nor do I mean to do so. As a rule I stick to my own business. I simply intend to imply that when a dude happens to come into my office, where I think he will find the most æsthetic appointments in the way of furniture and the business arrangements, if he should, upon thus entering into my employment, come to the sudden conclusion that this æstheticism of office furnishing implied any plea for idleness or assumption of airs on his part, he would very soon experience a rude awakening from his charmed lethargy of conceit, and if he were not prepared to undertake in a calm and appreciative tone of mind the first lessons of business industry, I would politely bid him an affectionate adieu, and on parting tell him very kindly that though his great natural gifts might be thoroughly adapted to shine in another sphere of life, he was both by nature and education totally unfitted to play the most humble part in a business career, such as that of which my firm affords a fair and most successful example.

The same remarks will apply to any other young man who does not appreciate his vocation, and try to know himself as old Seneca taught.

I don't insidiously single out the dude for an odious comparison. The remark will apply just as appropriately to the young man who is better fitted for a blacksmith or a farmer, or perhaps a preacher, than a business man or a financier.

"All blacksmiths," says the Rev. Robert Collyer, "can't become preachers, and it would be bad for the world if they

did." There is a good deal of philosophy in the remark of this popular preacher, and quite to the point on the subject which I am now attempting to handle.

In fact, there is nothing in this world would grieve me more than the prospect of being obliged to reflect in future years on the fact that I had been instrumental in keeping a young man's "nose to the grind-stone," so to speak, in my office, where he would make a very poor employee without the chance of attaining average success, while in a career for which nature and education had fitted him, he might not only be happy and successful, but make his mark as a star of the first magnitude.

When viewed in this light, the question of adaptability becomes a serious affair, for young men starting in life, and for their parents, who often sacrifice a great deal of their worldly comforts and peace of mind to launch their fond offspring.

The best thing for parents to do, then, as a general rule, is to encourage their children in that occupation or avocation for which they show a decided preference. Whatever young men do voluntarily, as a rule, they do well. This is especially illustrated in the lives of youths who exhibit an inclination for a military pursuit, which offers the least inducement to human avarice, and attracts the mind through the more sentimental motives of patriotism and the love of glory. But in our present civilization there are national feelings that must be inculcated and encouraged.

I entertained at my Newport residence, during the past Summer, the officers of the 23d Brooklyn regiment of the National Guard of the State of New York, because I felt it a matter of duty to do so, as well as a privilege to do my part in contributing to the encouragement of the young men who have taken it upon themselves voluntarily to be members of that militia company.

These young men visit Newport at very great cost to each one, as they themselves have to contribute to the ex-

penses attending the trip, and their presence in Newport in going through regularly each day, their drills and parades with as much precision and correctness as though they all had been graduates of West Point, all well equipped and well attired in plain but most becoming military apparel, made a most interesting scene to witness, contributing not a little to the amusement and gratification of the residents of that famous watering place. They are becoming disciplined to be soldiers. They are mostly young men of good families, of profitable occupation, many in business for themselves and others trustworthy clerks in the employ of others, with good salaries; consequently they make a great sacrifice to themselves in the time that they thus bestow upon such excursions as well as ordinarily in the drills which they have to go through, when at home, once or twice each week, frequently oftener. What is the incentive in this personal sacrifice on their part?

The answer is, the spirit of patriotism, and that really is what it means, for in the event of a foreign invasion or internal disturbances, their services are pledged to the State and to the Government. They are therefore liable to receive at a moment's notice a call from any quarter to go to the front with their lives in their hands, leaving their families, their wives, their children, their old parents, their business, leaving all and requiring a farewell at their departure, as the dangers they may have to encounter are threatening in character and, not unlikely, may prevent their ever returning alive.

Taking this view of the subject, therefore, these young men should be encouraged by all who have the means and power at their hand, and to the full extent of their ability. Whenever they go on missions of State defense, it is only just and fair that they should be received as soldiers, and accorded the honors which soldiers merit. They are entitled to it to a greater extent than the regular soldiers of the United States standing army. These men do not make

one-half the sacrifice that the young militia do, nor do they make any better soldiers on the battle-field.

These militia soldiers, when they go to the front, leave behind them enough, in the way of property, good homes and families, to make them more enthusiastic to fight for victory, than the regular army, so that they may return to their own domestic circles with the laurels that victory gives.

In this country we do not desire standing armies, for we do not wish the expense entailed upon the Government to sustain them, but we do want the young men encouraged to do military duty and be prepared for action when it comes. The only money, therefore, that the Government need expend to protect our continent is a good militia force in each of the various States, to be well disciplined. In that case our country will be prepared to meet foreign foes.

I am also opposed to a large standing naval force, not only on account of the expense, but also because our country is less likely to get into trouble with other nations, providing we have no ships to send into their waters. Naval officers are often very impetuous and chivalrous and sometimes fancy they have grievances to repel, which are largely imaginary, and with them it is a word and a blow.

With a thoroughly equipped and largely efficient naval force, we might thus not unlikely be driven into a conflict without cause or reason with some friendly power. Our country is happily located far in the distance from the quarrelling nations of Europe, and our being so removed is our protection. It is not desirable to be brought in closer contact by sending our naval vessels into their waters, to be under their fire. The policy of this nation is peace and good will to all mankind. What gain would it be to America to have a conflict with England, even though we should conquer in the end, or France, or Germany, or Russia? We couldn't tow any of these countries to ours,

nor could we hold on to our conquest as a permanent possession; neither should we desire to do so, as we have territory enough in the 38 States which comprise the United States of America, already, without desiring to annex that of any of our far-off neighbors.

And if an emergency should arise in what has been called the last resort of kings, namely, the necessity of going to war, it would be found that the importance of this training in the special business of war could then be appreciated at its true value.

The importance of business training, that is, training for the special occupation in which a man's energies are to be developed, is always made apparent when those energies are put to the test of competition, or are called upon to put forth an extraordinary effort. If a man has not got the special training, whether in the army or in civil life, he is never reliable in an emergency, but is like that weak and vacillating friend which old Solomon compared to a broken ankle.

I say, therefore, to the young man of the rising generation, while you don't relax any effort to procure all the education that your time and means will afford, above all things, don't neglect the paramount importance of business training.

CHAPTER V.

PERSONAL HONOR OF WALL STREET MEN

BREACH OF TRUST RARE AMONG WALL STREET MEN.—THE ENGLISH CLERGYMAN'S NOTION OF TALMAGE'S TIRADES AGAINST WALL STREET.—ADVENTUROUS THIEVES HAVE NO SYMPATHIZERS AMONG WALL STREET OPERATORS.—EARLY TRAINING NECESSARY FOR SUCCESS IN SPECULATION.—FERDINAND WARD'S EVIL GENIUS.—A GREAT BUSINESS CAN ONLY BE BUILT UP ON HONEST PRINCIPLES.—GREAT GENERALS MAKE POOR FINANCIERS, THROUGH WANT OF EARLY TRAINING.—PRACTICAL BUSINESS IS THE BEST COLLEGE.

THERE is no place in the world where people are trusted so much on faith as they are in Wall Street; not even in the Church.

The business is one of mutual confidence, and each day there are numerous opportunities for men to secure many millions of dollars of other people's money and take themselves safely off to that Paradise of defaulters and absconders over the Border. Yet instances of this nature are comparatively rare when we consider the large number of transactions and the immense amount of money handled in Wall Street.

The men of Wall Street have, therefore, become world-renowned for straightforward dealing, and have thus obtained the first position as leading spirits in the speculative affairs not only of their own country, but of the entire world. Wherever the speculative spirit of the age has obtained a foothold, there Wall Street is a household word, and Wall Street men are held in the highest esteem. It has become a term familiar to the ears of those even who know nothing about the business which has made its name almost universal.

"What is that Wall Street?" said an English curate to a friend of mine who recently visited Liverpool. "What a queer place," he continued, "for Mr. Talmage to have his Tabernacle."

The English divine, evidently only having "caught on" to isolated sketches of the Brooklyn preacher's calumnious invectives, thought they were actually delivered among the bulls and bears, and that Talmage had the boldness to beard these ferocious animals in their den.

It is true the honor of Wall Street is sometimes slightly tarnished, especially in the eyes of those who reside at a great distance, owing to the occasional delinquencies of dishonorable men, who consider Wall Street men and Wall Street money fair game for swindling operations. These are for the most part outsiders, who pounce upon the Street as their illegitimate prey, after probably making a show of doing business there.

There is no place, of course, where confidence men have the opportunity of reaping such a rich harvest when they can succeed in establishing the confidential relations that help them to secure their swag. But Wall Street proper is not any more responsible for such men than the Church, whose sacred precincts are used and abused by the same social pariahs in a similar manner. The Street is the victim of these adventurers, and has no more to do with nurturing and aiding them than the Church has.

What should be said of a financier who would have the temerity to assert that the Church was an asylum for swindlers, and that thence they issued forth to commit their lawless depredations on society? He would be tabooed by all intelligent people. Yet there would be about as much truth in such a statement as in most of the eloquent anathemas and objurations launched from the pulpit every Sunday against Wall Street.

There is no place on this earth where adventurous thieves have fewer sympathizers than in Wall Street, except perhaps in Pinkerton's and Byrnes' detective bureaux.

There is another popular delusion with regard to those who don't succeed in Wall Street. Their failure is frequently attributed to sharp practice on the part of the old

habitues of the Street. People forget that the business of speculation requires special training, and every fool who has got a few hundred dollars cannot begin to deal in stocks and make a fortune. The men who don't succeed are usually those who have spent their early life elsewhere, and whose habits have been formed in other grooves of thought.

The business of Wall Street requires long and close training in financial affairs, so that the mind may attain a flexible facility with the various ins and outs of speculative methods. If this training is from youth upward, all the better. It is among this class that many of our most successful men are to be found, though there are some eminent examples of success among those who began late in life. It will be found, however, that the latter must have a special genius for the business, and genius, of course, discounts all the usual conditions and auxiliaries; but among ordinary intellects early training is generally indispensable to financial success.

It seldom happens, moreover, that the early trained man from youth up does any great wrong.

Ferdinand Ward may seem an exception to this rule, but he had a born genius for evil, and though he had all the early advantages of Timothy and Samuel the Prophet, with a higher civilization thrown in, so utterly incorrigible was his nature that nothing but prison walls and iron bars could prescribe bounds to his rascality. He is an extraordinary exception, a genius of the other extreme, against whose subtle operations society must always be on its guard; but he is only one of the dangerous exceptions that prove the rule for which I am contending, the rule that early training in finance more, perhaps, than in any other field of human energy, is the great desideratum.

If such a man is unsuccessful, dishonor seldom accompanies his misfortunes. He may pass through the whole catalogue of financial disasters and their natural results. He may fall to the gutter through over-indulgence in liquor

and the despair attendant on a run of bad luck or unfortunate connection with wicked partners, but he is still capable of rising from the very ashes of his former self. He will never stoop to swindle, no matter how low the rest of his moral condition may be brought.

No great business can be built up except upon honest and moral principles. It may flourish for a time, but it will topple down eventually. The very magnitude to which the business of Wall Street has grown is a living proof of its moral stamina. It is impossible, in the social and moral nature of things, to unite a large number of men, representing important material interests, except on principles of equity and fair dealing. A conspiracy to cheat must always be confined to a small number.

The most successful men of Wall Street, to my own personal knowledge, are those who came to the Street young, and have "gone through the mill," so to speak; those who have received severe training, who have had some sledge-hammer blows applied to their heads to temper them, like the conversion of iron into steel.

These are some of the prerequisites of a successful financial career.

One of the most common delusions incident to human nature in every walk of life is that of a man who has been successful in one thing imagining he can succeed in anything and everything he attempts. In general, overweening conceit of this kind can be cured by simple experiments that bring men to a humiliating sense of their mortal condition and limited capacity. When the experiment is tried in Wall Street, however, to these healthy admonitions are frequently added irreparable disaster and overwhelming disgrace.

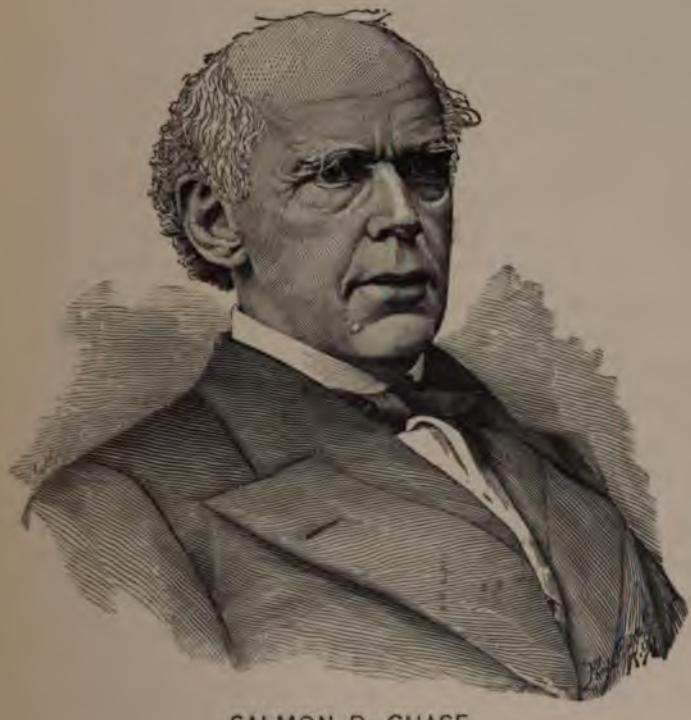
I shall note a few examples within the memory of newspaper readers still living. The brief panic of 1884 brought several instances of this character to the surface. Some of them had fought our battles for national existence and preserved the Union when this achievement seemed almost

hopeless. Their fame as generals was as extensive as history itself. They had planned and executed projects with success on which the destiny of a great nation, and perhaps the destiny of other nations, had impended, yet when they attempted to manage banks, railroads and financial operations they became hopelessly entangled.

The great captain of the Union's salvation was as helpless as a babe when Ferdinand Ward and James D. Fish moved upon his works. The eye that took in the whole situation at a glance at Vicksburg, Richmond and Appomatox was totally unable to penetrate the insidious and speculative designs of the "Young Napoleon of finance."

General Grant was a victim, not so much to the sincere, veracious and unsuspecting attributes which were so largely predominant in that great man, as to his want of early training in financial business affairs, and to the fact that he was unable to appreciate its necessity in dealing with sharp business men of loose morals. Generals Winslow and Porter fell into a similar error of judgment in the West Shore Railroad matter. Their mistake came near being a serious blow to the railroad interests of this country. General Wilson, of the New York and New England, and General Gordon were similarly unfortunate. The common mistake committed by these worthy men, to whom the country owes an inestimable debt of gratitude, was the chief cause of the "general demoralization," to which Treasurer Jordan facetiously but indignantly alluded when denouncing railroad methods, and which from time to time has played sad havoc with some of the best securities in the country.

Therefore, I say to all who have sons destined for a business career, let your cherished offspring have the advantage of early practical training in the particular line of business for which you may consider them best adapted, and do so, even to the partial neglect of their school and college education. Practical business is the best school and college in which they can possibly graduate. I shall attempt to make this point clearer in another chapter.



SALMON P. CHASE,

Secretary of the U. S. Treasury during the war period.

CHAPTER VI.

WALL STREET DURING THE WAR.

THE FINANCIERS OF WALL STREET ASSIST THE GOVERNMENT IN THE HOUR OF THE COUNTRY'S PERIL.—THE ISSUE OF THE TREASURY NOTES.—JAY COOKE'S NORTHERN PACIFIC SCHEME PRECIPITATES THE PANIC OF 1873.—WALL STREET HAS PLAYED A PROMINENT PART IN THE GREAT EVOLUTION AND PROGRESS OF THE PRESENT AGE.

WALL Street came to the rescue of the country when the war broke out. The Government then did not have money enough to pay the interest on the debt, and was sorely embarrassed for a time. The Hon. S. P. Chase, Secretary of the Treasury, sent word to Mr. Cisco, the Sub-Treasurer in New York, to do everything in his power to raise the money required to sustain the nation's credit.

Mr. Cisco apprised the "Street" of the instructions he had received from Washington concerning the empty condition of the Treasury. He showed a number of the leading operators and financiers that within a few days the interest on the accruing obligations would have to be paid, or the Government paper should go to protest. It was clearly demonstrated that if funds could not be raised the Government should be placed in a perplexing position, that would, in all probability, greatly complicate and prolong the struggle for national existence. It was one of the most critical moments in the whole history of the Republic, and the emergency required clear, decisive judgment, and promptitude of action.

Wall Street men perceived the gravity of the situation at a glance. If the Government's credit should collapse, it was feared that the whole framework of our political system would be endangered.

The foundation of all securities was threatened with a destructive upheaval, and most serious consequences were

likely to ensue, menacing a contraction of all values. The prospect was very dark. Not a ray of hope shone through the sombre clouds that hung dismally over the Union. The internal dissensions of our people, and the apparent destruction of our national life, were watched with the deepest interest by European friends and foes—the latter being then largely in the majority, and only waiting a favorable opportunity to pounce upon what they considered their destined prey.

Manifest destiny seemed to have leagued all her forces in opposition to us. The stoutest hearts quailed at the prospect of our dissolution as a nation.

At this momentous juncture, when there was no eye to pity, and when no other arm seemed mighty enough to save, the Wall Street men were equal to the occasion. They put their heads together, came to the front, and resolved to extricate the Government from its perilous position. It is true that they were well paid for it. They charged twelve per cent. for the loan, but that was nothing when the risk is taken into account. It was then almost impossible to get a loan at any rate of interest. By some of the great nations of Europe the risk then involved in such a loan was regarded in about the same light as the people of this country now estimate the present chances for realizing on Confederate paper money, or Georgia bonds of the old issue.

In this state of public feeling, Lombard Street was not in a favorable mood to negotiate loans with this country, and, the whole fraternity of the Rothschilds shut their fists on their shining shekels and shook their heads negatively and ominously at the bare mention of advancing money to the once great but now doomed Republic.

Money was dear at the time, and the Government was only obliged to pay what could have been obtained in other quarters. Curiously enough, private property then was considered better security than the Government endorsement, on the principle—which was not a very patriotic one, though

in reality true—that the country could survive its form of government. That form, however, the best the world has yet seen, survived the shock and maintained its autonomy. That it did so was in a large measure due to the prompt action of Wall Street men in raising the sinews of war at the incipient stage of the rebellion. Had they failed to do so, it is not improbable that the repulse at Bull Run might have proved a decisive blow to the Union, and plunged the country into a state of anarchy from which nothing but a despotism almost as bad could have retrieved it.

The negotiation of this loan brought out the twelve per cent. Treasury notes. After this issue the rates fell. Then came the 11 and the 10⅞ per cent. issues, and subsequently the well-known and long to be remembered 7 3-10 Treasury notes.

After this issue had been popularized, successfully disposed of, and finally taken up at maturity by the 5-20 loan, Jay Cooke was quick to issue, after their pattern, his famous 7 3-10 Northern Pacific Railroad bonds. Evidently he had a patent for negotiating that famous 7 3-10 per cent. railroad loan, as almost every clergyman, Sunday-school teacher and public benefactor were found to have invested in them, when the crash came, and although the road was the means of his financial downfall, with the ruin of an innumerable number of others besides, who were dragged into the same speculative whirlpool, this unfortunate event was not entirely an unmixed evil.

It is true that this was the main and visible cause of precipitating the panic of 1873, of which I shall speak more fully in another chapter, but the Pacific road was the great pioneer in opening up the Far West, and developing its material resources, the great artery of the Western railroad system, conveying vigorous and durable vitality to the industrial life of the expansive regions beyond the Rockies.

Thus, in taking a retrospect of my twenty-eight years in Wall Street, I find that what sometimes appeared to be

great evils have been succeeded by compensating good, fate counter-balancing fate, as the Latin poet has it. It was so, as I have previously observed, after the panic of 1857. It was so after the convulsion of 1873, and though I have only historic evidence to guide me in regard to the earlier history of the Street, I find it was so after 1837. So, the maxim that history repeats itself has been fully verified in Wall Street.

So, now that I have relapsed into a reflective mood on this subject, a host of important associations connected with the main issue rush upon me. The prominent idea that stands out in bold relief is the rapid and wonderful progress made in Wall Street during the period that I have undertaken to chronicle. And not only so, but the rapid strides that have been made in everything, almost universally, during that time, present a vast theme for consideration. The part that Wall Street men have taken in this mighty evolution is the topic that concerns me most at present. As I attempt to progress with my subject, I observe this division of it becoming more expansive, so that I find myself in the position of the Irishman when he ascended to the top of a mountain. After recovering from the first effects of his surprise, he exclaimed: "I never thought the world was so large!"

So it is with me. I never thought that Wall Street was so big, nor that Wall Street affairs were so extensive, until I began to write about them. They expand, as well as improve, surprisingly on closer acquaintance. I only hope I shall be able to impress this idea more vividly on the minds of my clerical friends, and others who have been misguided in this respect, chiefly on hearsay and irresponsible evidence, and who, I am sorry to say, have been the well-meaning, but over-zealous instruments of misleading others.

To come to an approximate deduction of facts, then, it is, I think, a fair estimate of the general progress of humanity, to say that there has been greater material advance in everything that relates to a higher civilization, and the greatest

good to the greatest number, during the last thirty years, than in all the previous time that has elapsed since the period that the father of history, old Herodotus, began to chronicle, in his racy style, the real and imaginary events of the human family.

The part that Wall Street has played in this amazing progress has been comparatively large, and would, if thoroughly investigated and fully discussed, make a larger book than I have time to write at present.

I can only glance at the prominent topics and leading events in the extensive and somewhat sensational history of Wall Street, and sketch briefly the conspicuous features in the lives of certain celebrities who have been conspicuous in the history of speculation, and of those who have been prominent in the financial affairs of the country.

CHAPTER VII.

MORE WAR REMINISCENCES.—BRITISH AND NAPOLEONIC DESIGNS.

How Napoleon Defied the Monroe Doctrine.—The Banquet to Romero.—Speeches by Eminent Financiers, Jurists and Business Men.—The Eloquent Address of Romero against French Intervention.—Napoleon shows his Animus by Destroying the Newspapers Containing the Report of the Banquet.—The Emperor Plotting with Representatives of the English Parliament to Aid the Confederates and Make War on the United States.

THERE were other critical periods during the war when Wall Street came to the front, besides the one in which it rendered such timely aid to the Government in its financial embarrassment. One of these was when the Emperor of the French, Napoleon III., showed his cloven foot and exhibited anew the rancorous disposition which ten years previously had crushed the Republican hopes of La Belle France by the murderous *Coup d'Etat*. He made a bold attempt to plant that blood-stained foot on this fair soil, in open defiance of the Monroe doctrine, and to crush the liberties that his immortal uncle, even in the full flush of his great conquests, dared not attack and was forced to respect.

I shall here relate an incident of this period, which, I think, has not obtained the prominence in our national history to which, I believe, it is justly entitled.

Senor Romero, then Mexican Minister at Washington, was invited to a public dinner in New York, in order that proper occasion might be found to discuss the situation with regard to the intentions of Napoleon the Little concerning Mexico, and with a view of preventing foreign intrusion, which was only the entering wedge for future invasion, at a time when our nation was engaged in a family struggle to

maintain its own existence, and demonstrate the durability of Republicanism.

The dinner, at which there was a grand manifestation of sympathy in favor of the Mexican cause against French invasion, took place on the evening of March 29, 1864, at Delmonico's, Fifth Avenue and Fourteenth street. The banquet was held in four of the largest rooms. The large dining hall was illuminated as a promenade for the families of the hosts and guests, and a large concourse of ladies and gentlemen who were invited to see the table and be presented to the distinguished envoy. The rooms were elegantly decorated with flowers, grouped and festooned with artistic skill, and the doorways arrayed with fragrant wreaths and garlands. One room was set apart for the orchestra, and Helmsmuller furnished the music.

Senor Don Juan N. Navarro, Consul-General of the Mexican Republic, Ignacio Marescal, an eminent jurist of Mexico, and Don Fernando De La Cuesta, Assistant-Secretary of the Legation, were invited guests. Following are the names of the Committee of Invitation:

WILLIAM C. BRYANT,
WILLIAM H. ASPINWALL,
HAMILTON FISH,
JOHN W. HAMERSLEY,
JONATHAN STURGES,
JAMES W. BEEKMAN,
J. J. ASTOR, Jr.,
SMITH CLIFT,
W. E. DODGE, Jr.,
DAVID HOADLEY,
FREDERICK DE PEYSTER,
W. BUTLER DUNCAN,
WILLIAM CURTIS NOYES,
HENRY CLEWS,
FREDERICK C. GEBHARD,
JAMES T. BRADY,
GEORGE T. STRONG,
HENRY DELAFIELD,
HENRY E. PIERREPONT,
GEORGE OPDYKE,
DAVID DUDLEY FIELD,
GEORGE BANCROFT,
C. A. BRISTED,
ALEXANDER VAN RENSSELAER,
GEORGE FOLSOM,
WASHINGTON HUNT,
CHARLES KING,
WILLARD PARKER,
ADRIAN ISELIN,
ROBERT J. LIVINGSTON,
SAMUEL B. RUGGLES.

Hon. James W. Beekman presided. The stewards were John Jacob Astor, John W. Hamersley and Henry Clews.

When full justice had been done to the large variety of sumptuous dishes, the chairman called the company to order, and explained that the object of the meeting was to

do honor to the great cause of religious and political freedom contended for by the Republic of Mexico. The chair gave the first regular toast, "The President of the United States," and called upon David Dudley Field to respond, who did so in his usual eloquent style, stating that the sentiment of the whole country was united in sympathy with the cause of the Mexicans, and that the Executive Department of the Government was simply the agent and exponent of the popular will. He dwelt at some length on the French invasion of Mexico as one of the greatest crimes of the age, and predicted the brief reign of Maximilian. Mr. Field wound up his discourse with the following grand peroration:

Maximilian may come with the Austrian eagle and the French tricolor; he may come with a hundred ships; he may march on the high road from Vera Cruz to the capital, under the escort of French squadrons; he may be proclaimed by French trumpets in all the squares of the chief cities; but he will return, at some earlier or later day, a fugitive from the New World back to the Old, from which he came; his followers will be scattered and chased from the land; the titles and dignities which he is about to lavish on parasites and apostates will be marks of derision; the flag of the republic will wave from all the peaks of the Cordilleras, and be answered from every mountain top, east and west, to either ocean; and the renewed country, purified by blood and fire, will resume its institutions, and be free.

The second toast was, "Don Benito Juarez, Constitutional President of the Mexican Republic," to which Mr. Charles King, President of Columbia College, responded. He spoke of Mexico as the friend and ally of the Union as opposed to European hostility.

His Excellency, Senor Matias Romero, the honored guest of the evening, then made a brilliant speech on the situation, from which I take the following extracts:

"I am very happy to say that the kind of feeling you express for Mexico is fully reciprocated. In Mexico there

are now but the sentiments of regard and admiration for the United States, and the desire to pursue such a course as will draw more closely all those powerful ties by which both nations should be united.

"The Emperor of the French pretends that the object of his interference in Mexican affairs is to prevent the annexation of Mexico to the United States; and yet that very thing would, most likely, be ultimately accomplished if a monarchy were established in Mexico. Fortunately for us, that scheme is by no means a feasible one.

"We were willing to grant to the United States every commercial facility that will not be derogatory of our independence and sovereignty. This will give to the United States all possible advantages that could be derived from annexation, without any of its inconveniences. That once done, our common interests, political as well as commercial, will give us a common whole American continental policy which no European nation would dare disregard.

"The bright future which I plainly see for both nations had made me forget for a moment the present troubles in which they are now involved. I consider these troubles of so transitory a nature as not to interfere materially with the common destiny I have forshadowed; but, as they have the interest of actuality, I beg to be allowed to make a few remarks in regard to them.

"Every careful observer of events could not help noticing, when the expedition against Mexico was organized in Europe, that it would, sooner or later, draw the United States into the most serious complications, and involve them in the difficulty. The object of that expedition being no less than a direct and armed interference in the political affairs of an American nation, with a view to overthrow its republican institutions and establish on their ruins a monarchy, with a European prince on the throne—the only question to be determined by the United States and the other nations concerned, was as to the time when they would be willing or ready to meet the issue thus boldly and openly held out by the antagonistic nations of Europe.

"This, in my opinion, is the situation in which the United States are placed with regard to Mexico. Taking into consideration the well-known sagacity of American statesmen the often-proved devotion of the American people to republican institutions, and the patriotism and zeal of the

Administration that presides over the destinies of the country, I cannot entertain the slightest doubt that the United States will act in this emergency as will conduce to the best interests they and mankind at large have at stake in the Mexican question.

"The United States may find that they are brought squarely to the issue in the Mexican question sooner than they expected, should the report, lately reached here, of any understanding between Maximilian, as so-called Emperor of Mexico, and the insurgents in this country, prove correct. The archduke, it is stated, will inaugurate his administration by acknowledging the independence of the South, and, perhaps, he will go further; and this, of course, by the advice, consent and support of the French Government, whose satellite, and nothing else, will the archduke be in Mexico.

"Among the many events calculated to terminate immediately French intervention in Mexico, the European complications which threaten to cause a general war on that continent should be particularly mentioned. It is certainly wonderful that while Europe is in so insecure and agitated a condition, menanced by revolutions everywhere, and wrestling to recover its own existence and independence, the French Emperor should be thinking about arranging other people's affairs, as if his own did not require his immediate and most particular attention.

Mr. George Bancroft, the eminent historian, was next called upon to reply to the toast, "The Eminent Statesmen of Mexico," among whom the chair named Guatimotzin, Hidalgo, Morelos, Ocampo, Lerdo and Degollado. Mr. Bancroft said:

MR. BANCROFT.

GENTLEMEN—Although I am not prepared to deliver an address worthy of this auditory, I can not refrain from replying and expressing my sentiments, as I have been called to reply to the toast which our president has just proposed to the statesmen of our neighboring sister republic. The struggle which for many long years the Mexican people have sustained against their interior tyrants has been an heroic struggle, worthy of a civilized and cultivated people, and in which the sympathies of the whole civilized

world—of all the friends of political and religious liberty—ought to have been manifested in a frank and decided manner in behalf of the Mexican people, directed by the liberal party. I believe, gentlemen, that the cause of civil wars, not only in Mexico, but throughout all Spanish America, has been the clergy alone, who, when they come to acquire power in the State, always strive to overturn the government and to subordinate the temporal interests of society to their own. This attribute seems to belong principally to the Catholic clergy.

"The struggle, then, in which up to this time the patriotic Mexicans have been engaged, was a holy struggle, and the sympathy of the whole people of the United States was with them—a people who, whatever may be their religious creeds, adopts as a fundamental principle the most complete religious liberty, and the absolute independence of the Church from the State.

"But now the sympathy of the United States is increased for the Mexican people, when, in addition to the facts already mentioned, we find this people struggling for their independence and nationality against a European nation, which, taking advantage of the civil strife in which we were engaged, has sought to establish before our eyes a form of government in open antagonism to our own. We can not do less than receive this project in the same way as Europe would receive it, were we to foment revolutions and establish republics on that continent.

"Then it is that those statesmen in the United States who aid us to emerge from our present difficulties, and to restore our power and legitimate influence, and those who in Mexico not only consummate the great work of establishing religious liberty on a solid basis, but who succeed in driving from their country the foreign invader, or at least keep the sacred fire of patriotism and of resistance to the invader burning, while we disembarrass ourselves of our complications, deserve, in the highest degree, our success and ardent homage.

"Gentlemen, the Egyptians used to place a burning lamp at the feet of their royal corpses. On descending the steep vaults in which the corpses were deposited, the lamp was naturally extinguished.

"Let Europe place at Maximillian's feet the weak lamp of monarchial power. It will not burn in the atmosphere of our continent."

Mr. William Cullen Bryant was then called upon, and said, in part:

"We of the United States have constituted ourselves a sort of police of the New World. Again and again have we warned off the highwaymen and burglars of the Old World who stand at the head of its governments, styling themselves conquerors. We have said to them, that if they attempted to pursue their infamous profession here they did it at their peril. But now, when the police is engaged in a deadly conflict with a band of ruffians, comes this Frenchman, knocks down an unoffending bystander, takes his watch and purse, strips him of his clothing, and makes off with the booty. This act of the French monarch is as base, cowardly and unmanly as it is criminal and cruel. There is no person, acquainted, even in the slightest degree, with the political history of the times, who does not know that it would never have been perpetrated had not the United States been engaged in an expensive and bloody war within their own borders.

"We thought that we saw the dawn of an era of enlightened government in the administration of Juarez. That dawn has been overcast by the clouds of a tempest wafted hither from Europe. May the darkness which has gathered over it be of short continuance; may these clouds soon be dispelled by the sunshine of liberty and peace, and Mexico, assured of her independence, take the high place which belongs to her in the family of nations." (Continued applause.)

Senor Don Ignacio Mariscal responded to "Our Guest and the Bar of Mexico."

Mr. George Folsom, formerly envoy from the United States to the Netherlands, responded on behalf of the diplomacy, making special reference to Don Jose Lopez Uraga, Mexican Minister to Berlin.

Dr. Willard Parker responded to the health of Dr. Navarro, formerly Chief of the Medical Staff of the Mexican Army.

Mr. George Opdyke responded on behalf of the merchants.

Senor De La Cuesta replied to the Commerce of Mexico.

Mr. Jonathan Sturges spoke for the fine arts of Mexico.

Mr. Washington Hunt spoke, protesting strongly against the French invasion of Mexico.

Mr. Frederick De Peyster, President of the New York Historical Society, responded on behalf of the historians of Mexico. He also made some eloquent remarks on the tyranny of French intervention.

Mr. Henry E. Pierrepont spoke, as the representative of Brooklyn, against the French policy in Mexico.

Mr. Smith Clift responded on behalf of the Bar.

Mr. Charles Astor Bristed replied on behalf of the Literary Men.

Mr. William E. Dodge, Jr., spoke on behalf of the Young Men of America. "The tread of a French invasion," he said, "is to them a direct insult, and were our own sad war over, I believe there is not a town, or village, or hamlet, where a full company would not spring to arms to aid our sister republic in her glorious struggle. I give, as a sentiment in which I know all will heartily join, the "Monroe Doctrine"—"Americans can never allow the heel of European despotism to place its imprint upon the soil of our Western continent."

The Chair then said, "Let us now recognize the services of our commissariat, who have so nobly discharged their stewardship. I propose the health of the stewards. I beg Mr. John W. Hamersley to speak in their behalf." Three cheers were then given for the stewards.

Mr. Hamersley delivered an eloquent address, from which I take the following excerpts:

"It is hardly fair, sir, to call on us while our hearts are beating with fervid thoughts, and your ears ringing with burning words. Had this toast been on the programme, one of my coadjutors would have prepared an address worthy of the compliment and the occasion. This Committee was not chosen for their gifts of utterance, but for

those humbler tastes, which only lend a grace to eloquence. Our duties are æsthetic, industrial and artistic. We have compassed the ends of the earth, the depths of the sea; we have levied contributions on the four winds of heaven, to cluster here all that can tempt the appetite, or fascinate the ear and eye, and we fancied our mission accomplished.

"However, there is the post-prandial law; the despotism of the wine cup, to which we all owe allegiance—the only despotism which the descendants of the Huguenots, or Pilgrim Fathers, will ever tolerate on this continent. We are here, sir, in menace to none, but firmly and respectfully, in the majesty of manhood, and in consciousness of power, to reassert a principle, imbibed with our mother's milk, a household word, a dogma of American faith; but while we cordially grasp our neighbor's hand, in the darkest hour of her trial, the grasp has due emphasis and significance.

"With her, we have kindred traditions; each of us has hewn an empire from the wilderness; each of us has expelled the oppressor; and both of us, with tattered banners drenched in the gore of hero martyrs, are now appealing from treachery to the God of Battles.

"We have a common future; for who can doubt that our successes and the death-knell of treason is already rung? — who can doubt that the triumph of our arms will be the signal for the eagles of Austerlitz "to change their base," from the pyramids of Puebla for their perch on the towers of Notre Dame? And permit me here, sir, to express a hope, suggested by the *season* (God grant it may be a prophecy), that the Easter chimes of Mexico, of the coming year, with the glad tidings of a Saviour risen, shall peal from sierra to sierra, from ocean to ocean, with the glad tidings of a nation risen, a nation born again. (Cheers.)

"Sir [to the Chair], it is fitting, while the accents of sweet music recall tender and happy memories (man, imaged by that armed cactus; woman, by that graceful palm), it is holy to consecrate the hour to her who was "last at the cross and first at the sepulchre." I propose, sir, a toast, to which your heart's pulse will echo:

'The daughters of Mexico—Fair as her sons are brave.'"

(Enthusiastic and prolonged applause. Music—*Viva Republica.*)

THE CHAIR.

"We must not permit the modesty of our banker and steward, Mr. Clews, to outweigh our desire to hear from the Bourse.

MR. HENRY CLEWS.

MR. PRESIDENT AND GENTLEMEN—Enough has already been said, in the speeches made this evening, to indicate most conclusively the depth of sympathy which pervades this community in behalf of the cause of Mexico, and I rise to express my cordial concurrence with the sentiments which have been avowed.

The unanimous and determined voices of this company clearly show that public opinion in this country will not submit to the encroachments of foreign powers upon any portion of the territory of the continent.

The principles of free republican government are so strongly implanted in the hearts of the people both of Mexico and the United States, that they will never consent to surrender them.

"Human freedom and the rights of man make common cause between Mexico and all other American States.

"I do not utter these words in prejudice against any government. In my judgment, European nations will best promote the welfare of their own people by carefully abstaining from all interference with the declared will of those who dwell on this continent.

"The doctrine has been solemnly asserted, and will be maintained inviolate against all alliances which seek to impede the progress of liberal institutions, or to impair the strength of governments founded on the rights and intelligence of the people.

"This is the doctrine of the United States, and, under the shield of its power and influence, the safety, prosperity and independence of Mexico will be maintained and made perpetual." (Cheers.)

The meeting then separated, marching out to the inspiring strains of the Marsellaise.

A few days after this meeting the House of Representatives unanimously resolved that the United States would never consent to the establishment of a monarchy which would arise under the auspices of Europe, upon the ruins of a republic on the American continent.

The speeches at the Romero banquet, followed by this resolution, were the premonitory sounds of the death knell of Maximilian's empire, even before he took formal possession of his evanescent throne.

To show the animus of the Emperor regarding this meeting, and how closely he was watching the struggle, I may state that when the New York *Herald*, which had a full account of the meeting, arrived in Paris it was promptly seized by Napoleon's censors and shared the fate of *La Lantern* and some of Victor Hugo's most vigorous productions. It was committed to the flames on account of the speeches made by some of our representative men. It will be seen by reference to this incident that our representatives in Wall Street were among the first to perceive this threatened danger to the nation, and that they manifested their business tact and capacity in promptly meeting it. They acted literally on the maxim of Sir Boyle Roche, that "the best way to shun danger is to meet it half way."

Wall Street men were the first to make the move that checkmated the tyrant who was ambitious to prove before the eyes of the world that Republicanism was a failure.

A volume might be written by the student of universal history, and probably will be by some future Herodotus, Macaulay, or Prescott, on the far-reaching influences of this original move on the part of the Wall Street men. There is a large field for speculative theorizing, containing much important truth in the way the Republican spirit was reflected in the political thought of Mexico, as the result of the feeling manifested at this public dinner in New York. It was undoubtedly the active precursor of the events that sealed the fate of that unfortunate cat's paw, Maximillian. It gave birth to the idea that reverberated across the Atlantic, created distrust in Napoleon's schemes of conquest as visionary with his own people, and alarmed their Teutonic foes, who urged forward those mighty preparations that culminated in the terrible overthrow at Sedan.

To the mere reader of our local newspapers the connection between cause and effect of these great events may seem far-fetched, but it is all plain sailing to the student of general history.

In this connection it would be unjust to the genius of history to omit the part which England played on the same chessboard with her former political refugee, constable and Imperial protegé. Although Mr. Disraeli has done considerable justice to the case in Endymion, he has not dealt with it from this side of the Atlantic. And I am now going to touch on some points of hitherto unwritten history.

There was a secret alliance formed between Napoleon and the British Cabinet—an international conspiracy on a large scale—to demolish the liberties of this country pounce upon the wreck and then share the spoils between these two powerful pirates. How this was planned and subsequently averted would form, if fully written up, one of the most interesting chapters in the voluminous library of statecraft, and would take most of the political sensation out of the best efforts of Macchiavelli, Tallyrand and Prince Metternich. I can only glance at the leading features of the diabolical scheme, and show how Wall Street men were again promptly in the breach at the proper moment.

The New York riots of 1863 were fomented by British, French and Southern influence combined, as a part of the villainous plot. The design was to give our troops enough to do in quelling local riots, so that they should have no opportunity of going to the front. Southern passion was predominant, and could not discern at the time that their would-be allies were their bitterest enemies. It was hoped that the "draft riots" would be so widespread as to afford Southern chivalry a chance to march unimpeded to Washington and capture the Capitol, when the allied foes of liberty, by virtue of their *entente cordiale*, should seize upon their prey.

Everything was in readiness for raising the blockade

and pouring in armaments from Europe to complete the conquest. England had acted with more caution than Napoleon, and was slow to move, though he was constantly urging her forward. It is due to the villainy of his great conception to state, that, had he been able to move his more sluggish ally in crime with greater celerity, the result might have been overwhelmingly disastrous to this country.

CHAPTER VIII.

FOREIGN INTRIGUES AGAINST AMERICAN LIBERTY.

How the Imperial Pirates of France and England Were Frightened Off Through the Diplomacy of Seward.—Ominous Appearance of the Russian Fleet in American Waters.—Napoleon Aims at the Creation of an Empire West of the Mississippi, and the Restoration of the Old French Colonies.—Plotting With Slidell, Benjamin, Lindsay, Roebuck and Others.—Urging England to Recognize the Confederacy.—Disraeli Explains England's Designs and Diplomacy.—After the Naval Victory of Farragut, and the Capture of New Orleans England Hesitates Through Fear, and Napoleon Changes His Tactics—Renewal of Intrigues Between England and France.—Their Dastardly Purposes Defeated by the Victories of Gettysburg, Vicksburg, and the General Triumph of the Union Arms.

WHILE the events related in the previous chapter were progressing apparently towards a result that might have proved disastrous to the dearly purchased liberties of this country, the nation was saved by taking advantage of a circumstance that was peculiarly providential to the Union. The Russian fleet happened to be in South American waters at the time. Secretary Seward was apprised of the fact by a Wall Street man. He was quick to act on the suggestion. Alexis, the brother of the Emperor, was in command of the fleet. Seward sent him a friendly invitation, which he instantly accepted. The spies of Napoleon and of Scotland Yard, who were always on the alert, and who always discerned the evil side of everything, promptly informed their employers of the fact. The conclusion was manifest to European statesmen, who, unlike Wall Street men, never "copper" the points given by spies. It seemed to them clearly an alliance between the Great Empire and the Great Republic. Extremes had met for mutual defence and safety,

probably for aggressive purposes. The conspirators were frightened with their own shadows and foiled by their own cowardice, and an apparently imminent calamity was thus simply averted.

As the designs of the two great European powers were craftily concealed through their evasive system of diplomacy, it has frequently been a subject of debate as to whether they meant to take the part of the Confederacy for the purpose of dissolving the Union. It is necessary, therefore, to produce some tangible evidence of the intentions of these foreign potentates in the hour of our country's greatest peril.

The Confederate records purchased by the Government some years ago throw a ghastly light on this subject, and gravely warn us of the Scriptural injunction, to put no trust in kings and rulers.

The correspondence between the officials of the Confederacy and the Confederate Commissioners, Slidell and Mason, at Paris and London, prove to a demonstration that the ruler of France and the rulers of Great Britain were making preparations on a large scale to take charge of this country as soon as the Union, through their diplomatic aid, should be dissolved. Letters from other representatives of the Confederates of Europe go to corroborate this view of the matter. The correspondence between Dudley, Post, Mann and Lamar, who were commissioners in various parts of Europe, and Judah P. Benjamin, the Confederate Secretary of State, is conclusive on the subject of European armed intervention, which has hitherto formed a topic of dispute in the historic circles of the Civil War.

The correspondence of Slidell, who was on familiar relations with the Emperor of the French, gives the inside history of the intrigues of that potentate in such clear terms, that there can be no doubt of his intentions towards this country.

Had it not been for the superior vigilance of Mr. Dayton,

the United States Minister at Paris, several privateers would have been launched from French ports to prey upon the commerce of the United States, and to do similar work to that for which the Alabama was fitted out.

It would seem from the correspondence that the managers of the affairs of Great Britain were not so anxious to encourage the South as Napoleon was; at least they succeeded in concealing their purpose better. The practical diplomacy of England in this affair was superior to that of France, though the latter has still held the palm for possessing better diplomatic plotters, who are supposed to have no superiors outside the royal associations of the reigning power of Russia.

There is no doubt, however, that Napoleon was anxious to take positive steps to recognize the South, while professing the most friendly feelings in favor of the North, but he was afraid to act except in unison with Great Britain, and he failed to bring her to time until the favorable moment for the execution of his plans had passed.

Slidell and Mason went to Europe in January, 1862. This was perhaps the darkest and most critical period for the cause of the Union during the great struggle. The Commissioners carried letters with them showing the inefficiency of the blockade of the Southern ports, the great disadvantages and losses suffered by England and France through cutting off the cotton supplies, and setting forth the enormous advantages that would result if free trade with the Confederacy were established. These were strong arguments to arouse the spirit of commercial selfishness in favor of the South.

The ambitious designs of Napoleon were of a very towering and extensive character. He not only expected to recover Louisiana, which his uncle in an hour of necessity had sold to the United States, but he aimed at the restoration of the entire old colonial empire of France on this continent.

The Emperor was thoroughly posted in the affairs of this country. It seems that while he had resided in a small room in Hoboken, and took his meals at a twenty-five cent restaurant, paying for them with money borrowed from French patriots, on the very slim prospect of reaching the throne of France, he made the best use of his time, and he had studied the history and geography of the United States and Canada with great care and accuracy.

In justice to his character for gratitude, however, it must be said, in passing, that, like young "Corneel" Vanderbilt, he paid all the money he borrowed, and placed some of his New York and Hoboken creditors in good positions at the Tuilleries, under the Second Empire. He never forgot a favor nor forgave an injury.

The Emperor's knowledge of American affairs, as well as his ambitious designs, were briefly, but at the same time very fully disclosed, in conversation with Mr. Benjamin, at the Villa Eugenie, at Biarritz. "He turned with peculiar and undisguised eagerness," said Mr. Benjamin, "to the Mexican question. He knew the very number of guns on the Morro, the sums the United States had spent on the fortifications in Florida, the exports and imports of Galveston and Matamoras, in fact everything which well informed local agents could have reported to an experienced statesman eager for information. He examined me again on Texas and its population, the disposition of the French residents, the tendencies of the German colonists, the feeling on the Mexican frontier. He observed that Louisiana was nothing but French at the bottom. I was fully persuaded that he proposed to seek in Mexico a compensation for the lost colonies in the West Indies, which, he said, could not be recovered, '*sans nous brouiller avec nòs allies*,' (without embroiling us with our allies). He insisted upon it that France must, sooner or later, have a foot-hold (*pied à terre*) on the Florida coast, for the purpose of protecting her commerce in the Gulf, for, he added, '*Nous ne voulons pas d'un autre*

Gibraltar de ce côte là,' (we don't want another Gibraltar on that side.")

Mr. Slidel's predecessor at Paris, Mr. Rost, had received assurance from the Duc de Morny, who was then next to the Emperor in his knowledge of State affairs, that the South would be recognized. It was only a question of time. After consulting with M. Thouvenel, Minister of Foreign Affairs; Persigny, Minister of the Interior; Fould, Minister of Finance; Rouher, Minister of Commerce; Baroche, President of the Council of State; Mocquard, Private Secretary of the Emperor; Count Walewski, De Morny and others, Slidell was satisfied that the Emperor was all right, and he wrote to Jeff. Davis & Co. as follows:

"The Emperor has invited the English Government to join with him in recognizing the South, but the English Government, owing to Earl Russell, has refused to act simultaneously with him."

This statement of Slidell was true in one sense, but it was not strictly and diplomatically correct. There is no doubt that the English Government would have been anxious enough to join the Emperor in any scheme of conquest and spoliation that had a fair promise of success, and an average chance of avenging the Boston Tea Party and the Battle of Bunker Hill, but both powers were playing at the game of diplomacy, each for the purpose of making the other responsible for taking the initiative in the recognition of the South. They were both very circumspect about committing themselves, and the Palmerston-Russell Cabinet, with that caution which always characterized old "Pam" in foreign affairs, would not recognize any suggestion from the Emperor that did not bear his signature. The Emperor thought to make use of a Mr. Lindsay, a wealthy shipowner and member of Parliament, to draw out the English Government, but the latter was not to be committed to any course of policy that might involve important responsibilities in the future through any second-hand authority.

The Emperor seemed to have opened his mind very freely to Mr. Lindsay. He told him that he would have taken steps to put an end to the blockade of the Southern ports if the English Ministry had intimated a willingness to act with him. He said he had forwarded intimation to this effect through Mr. Thouvenel, but had not received a satisfactory answer. He intimated that if England was ready, he was, and was prepared at once to despatch a formidable fleet to the Mississippi, on condition that England should send an equal force to demand free ingress and egress for their merchantmen, and for the cargoes of goods and supplies of cotton which were necessary to carry on the commerce of the world.

Napoleon was resolved to act, as he had always done, on the high ground of conferring universal favors on humanity.

This was an old trick in his family, but it did not work effectually this time. He said he had regarded the restoration of the Union impossible from the first, and for that reason had deprecated the continuance of the bloody contest, which could not lead to any other result than separation. He authorized Mr. Lindsay to make this statement to Lord Cowley, and to ascertain whether he would recommend the course indicated to his Government.

It is very refreshing to reflect on the sensitive exhibition of feeling displayed, in his ostensible attempt to stop the carnage and fratricidal strife, by the man who planned and directed the wholesale assassinations in connection with the sanguinary *Coup d' Etat.*

Mr. Lindsay reported back to the Emperor the substance of his interview with Lord Cowley, who said that the English Government was not prepared to act until further developments. It was about this time that Mr. Seward was getting *in* his fine diplomatic work with Earl Russell and Palmerston, which helped materially to upset the calculations of the Emperor.

Napoleon then requested Mr. Lindsay to see Palmerston,

Russell, Derby and Mr. Disraeli, and to gather their intentions. He desired Mr. Lindsay to do all this of his own motion, and not as coming from him, and said he did not wish to be embarrassed by the forms and delays of ordinary diplomacy, because he felt the necessity of immediate action.

Lindsay again saw Earl Russell, as the accredited and special ambassador of the Emperor, *viva voce*. The Earl informed him that he could not receive any communications from a foreign power, except through the regular diplomatic channel. He then sought an interview with Mr. Disraeli, who was much more affable and communicative than the little Lord who stood so punctiliously on ministerial ceremony.

Disraeli threw considerable light on the subject. After expressing a deep interest in the affairs of the Confederacy, and saying that he fully concurred in the views of the Emperor, he told Mr. Lindsay that he had good reasons for believing that a secret understanding existed between Earl Russell and Mr. Seward; that England, in the meantime, would respect the Federal blockade and withhold recognition of the South. "But if France should take the initiative," said Mr. Disraeli in conclusion, "any course she may adopt to put an end to the present state of affairs will undoubtedly be supported by a large majority in Parliament, and knowing this, Lord Russell will give a reluctant assent to this, to avoid a change of ministry, which would otherwise certainly follow."

This shows that Disraeli saw very clearly through the duplicity of English diplomacy, and that while England was profuse in her promises to Mr. Seward, she was only waiting for the Emperor to act as pioneer in order that she might have a safe opportunity as well as a plausible pretext for armed intervention.

The Emperor complained that Earl Russell had divulged his views on American affairs, as expressed through his ambassador, to Mr. Seward. Lord Russell placed himself

squarely on the "fence," to be prepared for any emergency. Finally, about the middle of April, the Emperor thought it would be best that he himself should make a friendly appeal to the Federal Government alone to open the ports, if England did not join him, without further hesitation. He thought it would be necessary, however, to accompany the appeal with a demonstration of force on the Southern coasts; and if the appeal should be effective, to back it up by a declaration of his purpose not to respect the blockade. He determined, however, to wait a few days longer to see how England would act.

This resolution of the Emperor to make a friendly appeal to raise the blockade was only a thin excuse to find a cause for quarrel with the North, and it is very probable he would have acted on this determination alone, but for an unexpected event which changed his projects, and the apparent course of history.

About a week after this diplomatic conference, Commodores D. G. Farragut, and D. D. Porter, with their able commanders Bailey and Bell, had made the famous passage of forts Jackson and St. Philip, at the mouth of the Mississippi, with the United States squadron, silenced the Chalmette batteries and anchored in the harbor of New Orleans. After two days' parleying the city surrendered at discretion, or rather, the city authorities passively and sullenly permitted Farragut, and afterwards General Butler, to take possession of the city without shedding any blood.

This great naval victory of Farragut's squadron and its consequences dampened the ardor of the Emperor. He saw the chances of backing up his "friendly appeal" by a demonstration of force, were cut off, so far as New Orleans and the forts of the Mississippi were concerned.

Yet, Napoleon did not totally relinquish the enterprise, on account of this crushing defeat of the Confederacy. M. Billault, a prominent member of Napoleon's cabinet, after this event said to Slidell, "The cabinet, with the probable

exception of M. Thouvenel, are in favor of the South. If New Orleans had not fallen, our recognition could not have been long delayed, but if the Confederates should obtain successes in Virginia and Tennessee, and hold the enemy at bay a month or two longer, we may see an opportunity for intervention."

The Emperor's intentions, however, were fully revealed in an autograph letter to General Forey, which was written in July and in which his grasping ambition stood out in the boldest relief. He wrote: "In the present state of civilization of the world, the prosperity of America is not a subject of indifference to Europe, for she nourishes our manufactures and gives life to our commerce. We are interested in having the Republic of the United States a powerful and prosperous power, but we are not willing to have that Republic take possession of the entire Gulf of Mexico, command from there the Antilles as well as South America, and monopolize the distribution of the products of the New World. To prevent this, a stable Government must be established in Mexico, and we will in that event have restored to the Latin race on the other side of the Atlantic its power and prestige."

Napoleon completely overdid the thing in this letter to General Forey. The vaulting ambition which overleaps itself and falls on the other side stuck out too plainly. He showed that he wanted the whole earth, and this aroused the resentment of the South. In the following August, M. Theron, a French consul in Texas, inspired by Napoleonic ideas of annexation, coolly contemplated the transformation of Texas to a French republic, and confided his project to Governor Lubbock of that State, who apprised Jefferson Davis of the consul's aspirations. This was too much even for the Confederate Government, and M. Theron and the French consul at Richmond were both politely requested to leave the Confederate States.

Napoleon persisted in his intrigues for the purpose of

getting a foothold in this country, in spite of the rebuff which his officious consuls had received from the Confederacy. He expressed himself desirous of interesting some of the rest of the European powers in the cause of the South, and again entered into confidence with Slidell on the possibility of joint mediation on the part of England, France and Russia. "My own preference," said the Emperor, "is for a proposition for an armistice for six months, with the Southern ports open to the commerce of the world. This would put a stop to the effusion of blood" (How tender-hearted he was!) "and hostilities would probably never be resumed. We can urge it," he added, "on the high grounds of humanity, and the interests of the whole civilized world. If it be refused by the North, it will afford good reason for recognition, and perhaps for more active intervention."

Mr. Slidell then suggested that if the Emperor would give some kind of assurance that the police would not interfere, ships and munitions of war might be sent from France to the Confederacy.

"Why could you not have the ships built as if for the Italian Government?" suggested the Emperor. "I do not think it would be difficult, but I will consult my ministers about it."

Napoleon then suggested the joint appeal for the six months' armistice to England and Russia, which was declined by both. He then made a direct offer of mediation to the United States Government, in the most friendly terms, and on the "high grounds of humanity."

The United States Government did not see it in this light, and rejected Napoleon's humane offer.

The Confederate agents then obtained power to build ships of war in French ports, and to arm and equip them, and proceed to sea without molestation from the French authorities, the Treaty of Paris forbidding such a hostile act against a friendly power like the North to the contrary notwithstanding. The despot of France imagined himself above all treaties at that time.

The English Alabama was then cruising in a most successful manner. The Emperor had a conference with Mr. Arman, a large shipbuilder, and assured him that there would be no difficulty about building the ships for the Confederates under the disguise of their Italian destination. Accordingly, a contract was made for building five ships of war at Bordeaux and Nantes, and afterwards another contract for three iron-clad rams.

In 1863 the Emperor had a great deal of business on hand, but was still convinced, amid all his diplomatic duties that the South should be recognized by the European powers. He was afraid, however, of putting his Mexican expedition in jeopardy by risking a rupture with the North. Finally, he said: "I will make a direct proposition to England for joint recognition. This will effectually prevent Lord Palmerston from misrepresenting my position and wishes on the American question." Accordingly, he had an interview with those two worthy members of Parliament, Messrs. Roebuck and Lindsay, at Fontainbleau, which was said to be highly satisfactory. He authorized them to state in the House of Commons that he was both willing and anxious to recognize the Confederate States, with the co-operation of England.

There was a great debate in Parliament on the subject, in the midst of which Earl Russell arose and said that Baron Gros, the French Minister, had received no communication from his Government on American affairs. Mr. Roebuck, who made the motion on the authority of the Emperor, was astonished that he had been so badly fooled. It still remains a mystery, however, why Baron Gros did not receive the advice in question from the Emperor, because M. Mocquard, the Emperor's Secretary, wrote to Slidell as follows: "On the next day after the interview of Messrs. Roebuck and Lindsay with the Emperor, the Minister of Foreign Affairs telegraphed Baron Gros to 'officiously' inform Lord Palmerston that, should Great

Britain be willing to recognize the South, the Emperor would be willing to follow her in that way."

The only explanation that seems plausible under these circumstances is, that the Palmerston-Russell Cabinet interrupted this telegram to Baron Gros for diplomatic purposes, or that the Baron, seeing that the debate in Parliament had taken an unfavorable turn, had prudently resolved to suppress the advice from Napoleon, in order that his master might not commit himself while England was not heart and soul with him in the enterprise. In fact, England had begun to see that she had taken a false position, and Mr. Gladstone's eloquent spurt, to the effect that "Jefferson Davis had created a nation," was no longer the diplomatic faith of England. She was more influenced by fear than love, as she always is, and had begun to think, after the capture of New Orleans and the destruction of the Confederate fleet, that the Federal Government was capable of organizing a formidable navy. The London *Times*, which voiced diplomatic sentiment then, said so. During this very debate on Roebuck's motion, Lee's army had been beaten at Gettysburg, Vicksburg had surrendered and victory was beginning to perch on the Northern banners everywhere. Napoleon also drew in his horns, complaining bitterly that "perfidious Albion" had gone back on him, and he was afraid to permit the war ships, when finished, to leave the French ports for any destination, and when he permitted the English privateer, the Rappahannock, to depart, it was under the injunction that the American minister should know nothing about it.

What Lord Palmerston called a "concatenation of circumstances" contributed largely to force the Emperor to change his policy towards the United States. Maximilian's Mexican expedition was exceedingly unpopular, trouble was brewing in several parts of the continent, and Bismarck and Von Moltke were cunningly and deliberately weaving that net in which the Man of Destiny, seven years later, was

hopelessly entangled at Sedan. His dream of a French American Empire beyond the Mississippi had vanished long before his last abject act of humiliation in surrendering the sword of France to Bismarck. And ere he died, a miserable wreck of disappointed ambition, again a political exile, he had the opportunity of seeing our own Republic, which he sought to destroy, rehabilitated, and on its way to become the greatest nation in history.

THE HON JOHN SHERMAN.

Who has taken a prominent part in financial matters since the beginning of the war, first in making treasury notes a legal tender in 1862; in proposing the Redemption Act in 1867, which was passed in 1870, and in the resumption of specie payments in 1879, which was the crowning success of the financial policy which established the Government credit on a solid basis.

CHAPTER IX.

SECRETARY CHASE AND THE TREASURY.

THE DEPLETED CONDITION OF THE TREASURY WHEN MR. CHASE TOOK OFFICE. — PREPARATIONS FOR WAR AND GREAT EXCITEMENT IN WASHINGTON — CHIVALROUS SOUTHERNERS IN A FERMENT.—OFFICIALS UP IN ARMS IN DEFENCE OF THEIR MENACED POSITIONS.—MISCALCULATION WITH REGARD TO THE PROBABLE DURATION OF THE WAR.—A VISIT TO WASHINGTON AND AN INTERVIEW WITH SECRETARY CHASE.—DISAPPOINTMENT ABOUT THE SALE OF GOVERNMENT BONDS.—A PANIC PRECIPITATED IN WALL STREET.—MILLIONAIRES REDUCED TO INDIGENCE IN A FEW HOURS.—MIRACULOUSLY SAVED FROM THE WRECK.—HOW IT HAPPENED.

SOON after Mr. Chase came into the Treasury he found that money was seriously needed. In fact the Treasury was empty. The expenditure for the fiscal year ending June, 1861, was 62 millions, and there were only 41 millions of revenue to meet them, and even this amount was threatened with a serious reduction on account of the traitorous and rebellious attitude of the South.

After President Lincoln had called upon Congress to provide for the enlistment of 400,000 men, the expenses of the Government were soon advanced to the enormous amount of a million dollars a day. The Secretary of the Treasury made a calculation, which he submitted to the President, showing that the probable expenditures would amount to 318 millions for the ensuing year. He advised that 80 millions be provided for by taxation, 240 millions by loan, and that 50 millions of Treasury notes, redeemable in coin on demand, should be issued.

The Secretary was authorized by Congress to borrow a sum not exceeding 250 millions, on the credit of the United States, and as a part of this loan he was, in the words of the

Act, "to issue in exchange for coin, or pay for salaries or other dues from the United States, not over 50 millions of Treasury notes, bearing no interest, but payable on demand at New York, Philadelphia or Boston."

When Mr. Chase advertised for bids on the bonds known as the 81 issue all bids at 94 and above were accepted, and those under 94 were rejected.

I got up a syndicate immediately to take the entire balance of the loan at 94, and went on to Washington to see the Secretary. This syndicate comprised a number of New York banks and many large capitalists. I called upon Secretary Chase when I arrived, informed him of the object of my visit and made him an offer of 94 for the entire balance of the loan.

He was in favor of the proposition, but requested me to leave the matter open until the following morning for him to consider. It was a question with him whether he ought not to give those whose bids had been rejected an equal opportunity with the parties I represented.

I never can forget the impression I received on my approach to Washington that morning. As I looked through the window of the sleeping-car my eye was met by an entire train load of brass cannon. There were at least a dozen platform cars, each having one of those huge guns, all apparently in order to wheel at once against the enemy. I shall always remember the feelings that came over me at that moment. The question of war or no war was vividly presented to my mind, and this was the uppermost thought during my visit at Washington.

I descended from my traveling quarters as soon as the train was announced as having arrived at the capital, and repaired to Willard's, then the principal, if not, in fact, the only hotel for a traveler to go to, and it was an old-fashioned, historic hostelry. I hastened to my room, rapidly performed my ablutions, and then found my way into the dingy breakfast room. On inquiry, I found that ten o'clock

was the usual hour for heads of departments, including Mr. Chase, to be at the Treasury. At that hour I went to see him. I sent in my card and was ushered into his presence without delay. He was a man of portly frame and distinguished bearing, and impressed me with the feeling of being in the presence of an individual far above the average standard of humanity in every respect.

I informed the Secretary of my mission, with the result above stated.

About seven-eighths of the people of Washington, at that time, were Southerners. The office-holders were largely composed of the latter, and they were expecting to be suddenly turned out of office. This rendered the place a boiling caldron of conspiracy and treason.

As I went around collecting information, the sight of those cannon that at first had made such an indescribable impression upon me, continued to haunt my vision wherever I went. The air was filled with rumors of war, and everybody was wound up to the highest pitch of hostile excitement.

As I mingled among the people, the impression was forced upon me that war was inevitable, and that up to the very hilt of the sword. I felt that the contest would be long and bloody.

I sent a dispatch to my firm in New York, conveying my impressions to that effect, and advised them to clear the decks in preparation therefor. I urged them to lose no time in selling off all the mercantile paper on hand, and requested them to communicate to the members of the syndicate, which I had formed for the purchase of bonds, recommending them to withdraw therefrom, as I was convinced that war to the knife was imminent, and that Government bonds must have a serious fall in price in consequence.

I saw Mr. Chase the next morning, and told him that, as I believed, there was going to be a long and bloody war, I could not conscientiously, in the interest of my clients, renew my bid of the previous day.

With regard to my opinion about the probable length of the war, the Secretary took issue with me very firmly.

Mr. Chase, however, afterwards proved to be a warm and most valued friend of mine, and it was largely due to his aid and recognition that I achieved brilliant success in my early Wall Street career during the war period.

The Secretary was of opinion that the bonds should command par, at least, and they would be worth that and above it very soon, he thought. He made this assertion on the expectation that the impending difficulties would soon be adjusted, and that in less than sixty days all the trouble would be at an end.

It was not so extraordinary as it may seem to some people now, with the light of later events fully before them, that the Secretary was so sanguine of short work being made of the South, because he only shared the opinion of a large number of people, who greatly underestimated Southern durability.

After leaving the Secretary, who treated me with great consideration, as he did every one in his inimitable and dignified manner, which made such a durable and favorable impression on all who came in contact with him, I felt greatly pleased and highly gratified at meeting him. In fact, his fine, magnetic presence was of a character to command the admiration of almost every person who had the honor of an interview. He was a great man for producing good first impressions, and, unlike many impressions of this character they were generally lasting.

Had I not visited Washington at the time I did, and had I not obtained the correct impression concerning the future of the then impending difficulties, my firm, like many others that invested in Government bonds, mercantile paper, stocks and other fluctuating properties, would have been irretrievably ruined. I have reason to congratulate myself, therefore, on my good fortune in narrowly escaping such a disaster, almost at the beginning of my Wall Street career, as I was thus enabled, at a later stage of the national trouble,

to be of considerable service to the Government, through the Treasury, in its efforts to sustain such an army in the field as was calculated to ensure success to the Federal arms.

My first experience in dealing in Government bonds was just prior to the Lincoln administration, when Mr. Cobb was Secretary of the Treasury. He advertised for sale to the highest bidders an issue of U. S. bonds bearing five per cent. interest, having twenty years to run, and my firm bid for $200,000 of them, hoping to make a quick turn, and a small profit thereon. A five per cent. deposit was made, as required by custom.

The loan was all awarded to most of the bids, mine included, and a very large part of it was awarded to Lockwood & Co., who were then regarded the largest and most prosperous Stock Exchange firm in the street.

George S. Robbins & Co., John Thompson, Marie & Kans, and a few others, whose names I now forget, made also large bids.

Of those mentioned, however, my firm stood alone in taking up the bonds, as the threatening aspect of political affairs came on so soon afterwards as to depreciate Government securities. The original deposit of five per cent. was lost by these subscribers, and the bonds were permitted to remain in *statu quo*, as the Government never forced the claim against the delinquents.

This, in a large measure, accounted for the impoverished condition of the Treasury when Mr. Chase took charge of it, and for which Mr. Cobb has been made an object, not wholly undeserving, of public reproach.

The $200,000 bonds my firm subscribed for at par were sold mostly at 95 and below, but the fact of taking them, and meeting the subscription, without fail, gave my firm an excellent standing with the Government at the beginning of the war, and enured greatly to my firm's advantage thereafter.

At the time I visited Washington my firm was more largely engaged in dealing in mercantile paper than any other branch of Wall Street business.

I had inaugurated the system at the time of my advent to the "Street" of buying merchants' acceptances and receivables out and out, the rate being governed by the prevailing ruling rate for money, with the usual commission added.

It was by this method that my firm soon became the largest dealers in mercantile paper, which business had formerly been controlled by two other firms for at least a quarter of a century, and whose old fogy methods were by my innovations easily eclipsed.

The merchants at that time would go to these discount firms and leave their receivables, bearing their endorsements, on sale there, and only when sold by piecemeal could they obtain the avails thereof.

The more expeditious plan that I adopted, which was to give these negotiators a check at sight, seemed generally to merit their approbation, and enabled me to command the situation in that line of business, very much to the chagrin of my competitors.

In this way my firm had accumulated about five hundred thousand dollars in notes, which were hypothecated with various city and country banks.

After coming to the conclusion above referred to on my visit to Washington, in regard to the certainty of a prolonged and desperate war, I made quick steps back to New York to dispose of my paper. I went vigorously to work, and succeeded in unloading all but ten thousand dollars of short time notes made by Lane, Boyce & Co., and a note of $500 of Edward Lambert & Co.

I had no sooner accomplished this very desirable work of shifting my burden, and distributing it in a more equable manner on the shoulders of others, but at higher rates than I paid, than in less than a week after my return from Washington the exciting news arrived of the firing of the first hostile gun at Fort Sumter.

The announcement of this overt act of war spread like wildfire, and the wildest scenes of excitement and consternation were witnessed in Wall Street and throughout the entire business community. The whole country was panic stricken in an instant.

Stocks went down with a bound to panic prices. Fortunes were lost, and millionaires were reduced to indigence in a few hours. Money was unobtainable, and distrust everywhere was prevalent.

The two firms whose paper I was unable to dispose of were about the first to fail, and before the maturity of any of the balance of the paper which I had successfully negotiated both the drawers and endorsers thereon, without a single exception, all collapsed.

The height which Gilroy's kite attained would have been nowhere in point of altitude to that which I should have reached had I not had the good luck to have cleared my decks as I did, and in the nick of time.

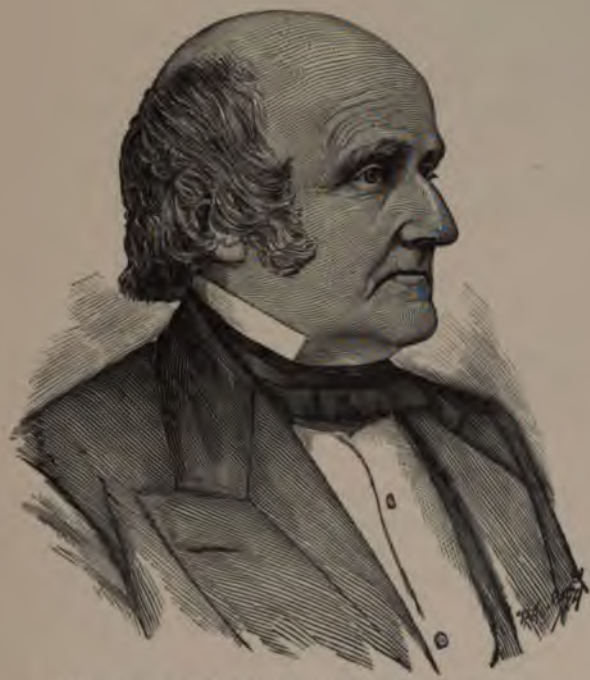
My safety in this instance was due to my inspiration, to which I believe myself more indebted than anything else for the privilege of remaining in Wall Street up to the present date.

I am no spiritualist nor theosophist, but this gift or occasional visitation of Providence, or whatever people may choose to call it, to which I am subject at intervals, has enabled me to take "points" on the market in at one ear and dispose of them through the other without suffering any evil consequences therefrom, and to look upon these kind friends who usually strew these valuable "tips" so lavishly around with the deepest commisseration. My ability to do this, whatever may be its source, whether human or divine, has saved me from being financially shattered at least two or three times annually.

I do not indulge in any table tapping or dark seances like the elder Vanderbilt, but this strange, peculiar and admonitory influence clings to me in times of approaching squalls more tenaciously than at any ordinary junctures.

I have known others who have had these mysterious forebodings, but who recklessly disregarded them, and this has been the rock on which they have split in speculative emergencies.

Therefore I say again, beware of "points." They constitute the *ignis fatuus* which lure more unfortunate speculators to their financial doom than all other influences put together.



HON. ELBRIDGE GERRY SPAULDING,

Author of the Legal Tender Act, which authorized the issue of greenbacks in 1862. He was a member of Congress from New York. He resides at Buffalo, and is now in the eightieth year of his age, but still in good physical health, with his mind clear and vigorous.

CHAPTER X.

THE NATIONAL BANKS.

SECRETARY CHASE CONSIDERS THE PROBLEM OF PROVIDING A NATIONAL CURRENCY.—HOW E. G. SPAULDING TAKES A PROMINENT PART IN THE DISCUSSION ON THE BANK ACT.—THE ACT FOUNDED ON THE BANK ACT OF THE STATE OF NEW YORK.—EFFECT OF THE ACT UPON THE CREDIT OF THE COUNTRY.—A NEW SYSTEM OF BANKING REQUIRED.

THE history of the Bank Act of 1863, improved by the Act of 1864, would require much larger space than I can devote to it in this book. I can only glance at its salient points, and show its great influence, not only on the finances of the country, but upon the destiny of the nation itself.

The Hon. E. G. Spaulding, who was one of the most prominent men in dealing with the financial questions of that period, has written and preserved a very full history of the legislation on the subject, and of the interesting debates which preceded it.

After the temporary loans had been negotiated to release the pressure upon the Government, Secretary Chase set his mind to consider the problem of providing a currency without disturbing the business organization of the country.

At this period he was met by a fresh difficulty, in the suspension of specie payments, which had been hastened by the arrest of Mason and Slidell, which, but for the wise policy of Mr. Seward, would have precipitated a conflict with Great Britain.

Early in 1862 Congress authorized ten million more of demand notes. This was followed by further issues, making in all 300 million United States notes. Secretary Chase was at first opposed to making these notes a legal tender for private

debts, but in order to get the bill through, he agreed to the legal tender clause, as the Government was greatly in need of money.

The Secretary was also empowered by Congress to borrow 500 million dollars on 5-20 year 6 per cent. bonds, and also to obtain a temporary loan of 100 millions on condition that the interest on the bonds should be paid in coin, and that the customs should be collected in coin for that purpose.

The first bill to provide a national currency secured by a pledge of United States bonds was introduced by Mr. Hooper, in July, 1862, but it was not reported from the Committee to which it had been sent. At the meeting of Congress in December the same year the financial problem had become still more complicated, and owing to the magnitude which the war had then assumed, the expenses amounted to two millions a day.

The total receipts for the fiscal year ending June 30, 1863, were 511 millions, and the expenditures were 788 millions, thus leaving a deficit of 277 millions.

All the financial wisdom of the Secretary was necessary in this dilemma. The question was whether to provide for these 277 millions by a fresh issue of United States notes, or by interest-bearing loans.

The Secretary was opposed to increase the volume of the currency, saying that the result would be the inflation of prices, increase of expenditures, augmentation of debt, and ultimately disastrous defeat of the very purposes sought to be attained by it.

He was in favor of an increase in the amount authorized to be borrowed on the 5-20 bonds. He advised the creation of banking associations which should secure their circulation by a deposit of Government bonds. One object of this was to create a market for the bonds.

Congress was not in favor of this proposition, and the bill of Mr. Hooper was again offered in the following Jan-

nary, but was adversely reported from the Committee on Ways and Means.

Another new issue of 100 millions United States notes was ordered on motion of Mr. Stevens, of Pennsylvania, to meet the constantly increasing needs of the army and navy.

Mr. Lincoln signed the joint resolution ordering the new issue with some reluctance, and sent a special message to the House, in which he expressed his regret that it was necessary to add this last amount to the currency while the suspended banks were free to increase their circulation.

Soon after this Senator Sherman offered a bill to provide a national currency, somewhat after the model of Mr. Hooper's bill. The Sherman bill was passed before the end of February. This virtually secured the present national banking system.

In order to show more clearly the nature of the national bank legislation, and the prominent part taken by Mr. Spaulding and a few others therein, Mr. Chase having been the directing mind, it is necessary to make a brief resume of the action of Congress with the State banks in this connection.

In January, 1862, the banks applied to Secretary Chase to receive their notes in payment for the bonds which he had for sale, but the Secretary, thinking that this would inflate the bank currency, refused the offer. Yet the process of inflation went on until it increased from 130 to 167 millions.

When Mr. Spaulding advocated the National Bank Act on the ground that it would provide a permanently improved bank currency, the Hon. Roscoe Conkling, at that time in the lower House, opposed the policy of making war upon the twelve hundred banks in the free States, and made a very affecting appeal for the orphans and widows who had stock therein. He proposed to issue 250 millions of seven per cent. bonds, payable in thirty-one years, to be exchanged for the bills of the suspended banks of New York, Philadel-

phia and Boston, and also to issue 200 millions of United States notes, payable in coin in a year. Mr. Conkling's scheme was assailed by Mr. Bingham, of Ohio, on the ground that it would subject the national currency to the mercy of city bankers and brokers. Other eminent representatives stood up for the maintenance and integrity of the State banks, and notably Mr. Conkling opposed the measure vigorously, which was intended to tax the State banks out of existence.

Mr. Spaulding, who advocated the bill, was followed by Mr. Fenton in an able argument, showing the superiority of a currency secured by United States bonds, and Senator Sherman explained the great evil occasioned by the success attending the counterfeiting of the State bank notes.

These arguments seemed to be conclusive and overwhelming in the passage of the bill.

It must not be forgotten, to the honor of the State of New York, that the National Bank Act was founded on the Banking act of this State, whose chief features were a currency secured on public funds, and that directors and stockholders should be personally liable.

The authorship of this idea is attributed to Mr. Stillman, who is also the well-known author of the "Stillman Act" to abolish imprisonment for debt.

This bank act, which was especially engineered by the far-seeing Secretary of the Treasury, Salmon P. Chase, had almost a miraculous effect upon the credit of the country. It created a new and extensive market for United States bonds, which immediately advanced from 93 to par.

All the running expenses of the Government, accumulated with such rapidity, were paid from the sale of the 5-20's within the short period of two months or thereabouts.

It was stated in the Treasury report at the end of the year that "The Bank Act at once inspired faith in the securities of the Government, and, more than any other cause, enabled the Secretary to provide for the prompt payment of the soldiers and the public creditors."

Mr. Hugh McCulloch, the Comptroller of the Currency, saw room for certain changes in the law, some of which were effected by Congress in the first session of 1864. These changes were embodied in the Act of June, 1864.

There was a long debate and strenuous opposition, in which Secretary Chase deeply sympathized, against State taxation of the national banks, but despite the opposition the taxation clause was carried.

At length the modified act was passed, limiting the total amount of United States notes to be issued to 400 millions, with such additional amount, not exceeding 50 millions, as might be transiently required for the redemption of the temporary loan, and thus the main features of the Bank Act, which has served its purpose very well, became a law.

I hope, however, ere long, as I have more fully intimated in another chapter, to see a superior system of banking, which I believe must succeed the present system, which is now doomed to "innocuous desuetude" through the imminent payment of the public debt.

NEW YORK STOCK EXCHANGE.

CHAPTER XI.

THE NEW YORK STOCK EXCHANGE.

HISTORY OF THE ORGANIZATION FOR NINETY-FOUR YEARS.—FROM A BUTTON-WOOD TREE TO A PALACE COSTING MILLIONS OF DOLLARS.—ENORMOUS GROWTH AND DEVELOPMENT OF THE BUSINESS.—HOW THE PRESENT STOCK EXCHANGE WAS FORMED BY THE CONSOLIDATION OF OTHER FINANCIAL BODIES.—PATRIOTIC ACTION DURING THE WAR PERIOD.—REMINISCENCES OF MEN AND EVENTS.

THE New York Stock Exchange is not a building, as people generally suppose. It is an Association of brokers united, but not incorporated by law, for the purpose of buying and selling representatives of value called "stocks" and "bonds." Stocks, in the American sense of the term, are properties consisting of shares in joint stock companies or corporations, or in the obligations of a government for its funded debt. In England, government obligations only, are called "stocks," and the obligations of companies or corporations are called "shares."

The edifice in which the Stock Exchange meets, and which, in common parlance, is designated by the name of the association of members, occupies a large portion of the block bounded by Broad, Wall, and New streets, and Exchange Place. Its main entrance is on Broad street, and it has entrances also on Wall and New streets. It has a frontage of 65 feet on Broad and 158 on New, on which the back entrance is situated. The members of the Stock Exchange have no need of a charter from the Legislature. In fact, they have steadily resisted all attempts of the Solons of this State to legislate in their interest. Their action in this respect is more fully commented upon in my chapter on

"Corners." The Tweed Ring, in the height of its power, made a bold attempt to force a charter upon the Stock Exchange, but it was indignantly rejected. The irrepressible "Boss" and his henchmen, by the presentation of false names, had a charter for the incorporation of the Stock Exchange passed in 1871, the year prior to Tweed's downfall, and it was signed by the Governor. For these gratuitous services the sum of $100,000 was impudently demanded; but the charter was refused, and the demand repudiated by the association. Since 1879 until recently the membership, which has been full, was limited to 1,100, but by a resolution lately passed the limit is now placed at 1,200. The seats for the past year have sold at from $25,000 to $30,000.

The Stock Exchange building is a fine, solid structure, devoid of anything showy, pretentious or decorative. It was designed by James Renwick, the architect of Grace Church and of St. Patrick's Roman Catholic Cathedral, on Fifth avenue at Fiftieth street. The cost of the building was nearly $2,000,000. It costs nearly $200,000 a year to pay the salaries of the various officials and keep the building in proper repair. The apparatus for ventilating the building is one of the best. It cost $30,000, and supplies an abundance of pure air and perfumes at the same time. The heating and cooling arrangements are the best of their kind, and the lighting is admirable. There are three chandeliers containing 200 electric lamps, which throw a flood of beautiful soft light around the whole interior. The building is well supplied with rooms for members, lavatories, and closets. One great feature of the interior consists of the large vaults, which contain more than a thousand safes for the safe keeping of securities. About 400 of those safes are let to persons who are not members. The vaults and safes are considered the strongest in the country.

The growth of this institution appears marvelous when we go back to its humble beginning in 1792, when the originators formed the association under a button-wood tree in front of

what is now No. 60 Wall street. Following is the text of the simple agreement into which the original members entered: "We, the subscribers, brokers for the purchase and sale of public stocks, do hereby solemnly promise and pledge ourselves to each other that we will not buy or sell from this date, for any person whatsoever any kind of public stocks at a less rate than one quarter of one per cent. commission on the specie value, and that we will give a preference to each other in our negotiations. In testimony whereof, we have set our hands this 17th day of May, at New York, 1792. Lem Bleekez, Hugh Smith, Armstrong & Barnewell, Samuel Marsh, Bernard Hart, Sutton & Hardy, Benjamin Seixas, John Heary, John A. Hardenbrook, Amurt Beebee, Alexander Gunty, Andrew D. Barclay, Empn. Hart, Julian McIvers, G. N. Bleecker, Peter Inspach, Benjamin Winthrop, James Ferrers, Isaac M. Gomez, Augustine H. Lawrence, John Besley, Charles McIvers, Jr., Robinson & Hartshorn, David Reedy."

This arrangement existed, and was the only one by which the members were bound, until 1820, when daily meetings and the regular call of stocks began. The Board met in various places, including the old Merchants' Exchange on the corner of Wall and William streets, but did not take root in permanent shape until the year 1842, when it became established in the new Merchants' Exchange, now the Custom House. An illustration of the old Merchants' Exchange is given on another page. The sight of it will doubtless awake a host of endearing reminiscences in the minds of some of the oldest merchants and speculators. It will be remembered by the few survivors of that period that about the year 1820 the meetings of the Board were held in the office of Samuel J. Beebee, at 47 Wall street. The Board also met in a room in the rear of Leonard Bleecker's; also in the office of the old *Courier and Journal*. Subsequently the meetings of the Board were held in an upper room of the old Merchants' Exchange. This building was destroyed

by the great fire of 1835, and afterwards the new Merchants' Exchange was built. The Board moved into this building in 1842, and remained there until 1853. Up to this time the Board was the very closest of corporations, its membership being governed by the most iron-clad rules. There was no field for financial news agencies in those days, for the Board kept its proceedings a profound mystery, and its members were bound to the strictest secresy on pain of expulsion. That wonderful development of our later civilization, the ubiquitous interviewer, was then unknown. The business of the Board excited the most intense curiosity, and so impatient did outsiders become to learn the mysteries of the interior, that the members of an open Board which was organized about the year 1837, after failing to force themselves into the regular association, engaged a building next to the Board-room, and dug the bricks out of the wall in order that they might see and hear what was going on.

The Board removed from the Merchants' Exchange building in 1853 to a room in the Commercial Exchange Bank building, at the corner of Beaver and William. About the year 1857, memorable as the period of the great panic, and my advent in Wall Street, the Board removed to "Dan Lord's building," which had entrances on William and Beaver streets. It was here, about the time of my advent, in Wall street, more fully described in another chapter, that some of the great speculators of that era figured. Among these were Daniel Drew, Jacob Little, and the lightning calculator, Morse, who made and lost a fortune of millions in little more than a year. In this building the rule of secresy was not relaxed, and the fact is on record that a hundred dollars a day were freely offered for the privilege of listening at the key-hole during the time of the calls. The Board continued to hold its meetings in this building during the war, and up to 1865, when it removed to the present edifice.

It is worthy of note here that the Stock Exchange, during the war, for the purpose of assisting the Government, passed a resolution prohibiting members from selling Government bonds "short;" and also a resolution forbidding all dealings in gold. The latter resolution was the principal cause of the formation of the Gold Exchange. This action on the part of the Stock Exchange was taken at a pecuniary loss of many millions of dollars, the sacrifice having been made for the highest and noblest of patriotic purposes; yet, in the face of such an historic record as this some people still imagine that the members of the Stock Exchange never have been anything but a selfish set of money grabbers. Is there any other institution in the country whose members would have made such a personal sacrifice in the interest of the Government? I doubt if there is. Certainly, none did.

There was a second Open Board of Brokers formed in the year 1863. It took up its quarters first in a basement in William street, called the "Coal Hole." The membership began to increase rapidly, and the business accumulated so fast that the Board was soon enabled to take more capacious accommodations on Broad street, contiguous to the Stock Exchange. In this menacing attitude the new Board began to make serious inroads on the business of the old one, almost one-half of which it had acquired by the year 1869, when the old Board called a truce. It was seen by the judicious members of the Board that the competition was likely to work the ruin of both, and amicable negotiations were begun which culminated in consolidation. So the Open Board, the Stock Exchange and the United States Government Board were consolidated in May, 1869, making the strongest public financial association in the country, and one of the most important in the world, and placing it upon an almost impregnable footing. Mr. William Neilson was the first President in the new building.

The following are the names of the Presidents of the New York Stock Exchange from 1824 until the present time:

1824..Edw. Lyde.
1825.. "
..John Wicker,
1828.. "
1829.. "
1830..Russell H. Nevins.
1831..John Ward.
1832.. "
1833.. "
1834..R. D. Weeks.
1835..E. Prime.
1836..R. D. Weeks.
1837 David Clarkson.
1838.. "
1839.. "
1840 . "
1841.. "
1842.. "
1843.. "
1844.. "
1845.. "
1846.. "
1847.. "
1848.. "
1849.. "
1850.. "
1851..H. G. Stebbins.
1852..C. R. Marvin.
1853.. "
1854.. "
1855.. "
1856 C. R. Marvin.
1857..J. H. Gourlie.
1858..H. G. Stebbins.
1859 .W. H. Neilson.
1860.. "
1861 . "
1862 A. B. Baylis.
1863..H. G. Stebbins.
1864 .Wm. Seymour, Jr.
1865..R. L. Cutting.
1866 Wm. Alex. Smith.
1867 John Warren
1868..Wm. Searles.
1869..W H. Neilson.
1870..Wm. Seymour.
1871..W B. Clarke.
1872..Edw. King.
1873..Hy. G. Chapman.
1874..Geo. H. Brodhead.
1875..Geo. W. McLean.
1876 Salem T. Russell.
1877..Henry Meigs.
1878..Brayton Ives.
1879. "
1880. Donald Mackay.
1881.. "
1882..F. N. Lawrence.
1883 .A. S. Hatch.
1884..J. Edward Simmons.
1885 "
1886 James D. Smith.

Jacob Isaacs - - was Secretary from 1824 to 1831.
Bernard Hart - " " " 1831 " 1855.
Geo. H. Brodhead - " " " 1855 " 1870.
B. Ogden White " " " 1870 " 1883.
George W. Ely - " " " 1883 " ——

TEN OLDEST LIVING MEMBERS TO NOV. 1, 1886.

G. A. Rollins,	joined	Exchange,	Jan. 22, 1835.
Chas. Clark,	"	"	Dec, 18, 1836.
Chas. Graham,	"	"	Mar. 24, 1837.
W. H. Le Roy,	"	"	Sept. 9, 1837.
Denning Duer,	"	"	Apr. 28, 1843.
Wm. Alex. Smith,	"	"	Dec. 17, 1844.
W. H. Hays,	"	"	" 30, 1845.
Jno. O'Brien,	"	"	Sept. 4, 1849.
D. C. Hays,	"	"	Jan. 15, 1850.
Jno. B. Trevor,	"	"	" 15, 1850.

BOARD ROOM OF THE NEW YORK STOCK EXCHANGE,

FACING NEW STREET.

INTERIOR VIEW.

CHAPTER XII.

"CORNERS" AND THEIR EFFECT ON VALUES.

THE SENATE COMMITTEE ON "CORNERS" AND "FUTURES."—SPECULATION BENEFICIAL TO THE COUNTRY AT LARGE.—A REGULATOR OF VALUES, AND AN IMPORTANT AGENT IN THE PREVENTION OF PANICS.—"CORNERS" IN ALL KINDS OF BUSINESS.—HOW A. T. STEWART MADE "CORNERS."—ALL IMPORTING FIRMS DEAL IN "FUTURES."—LEGISLATION AGAINST "CORNERS" WOULD STOP ENTERPRISE AND CAUSE STAGNATION IN BUSINESS.—ONLY THE CONSPIRATORS THEMSELVES GET HURT IN "CORNERS."—THE BLACK FRIDAY "CORNER."—SPECULATION IN GRAIN BENEFICIAL TO CONSUMERS.

THE New York Stock Exchange is organized after the same manner as a social club, such as the Union League, the Union or the Manhattan, and not under a special charter from the Legislature. Hence it is protected from the interference of that honorable body.

Although various attempts have been made, from time to time, at Albany, to levy taxes upon the transactions of the Exchange, and to interfere with the business of speculation and investment in many other ways, these legislative designs have hitherto been happily frustrated.

Shortly after the memorable "corner" in Hannibal & St. Jo., in 1881, another attempt was made by the Legislature to force Wall Street matters under the jurisdiction of Albany lobbyists and "scalpers."

The newspaper articles on the subject of the "corner" had attracted the attention of the Legislature then in session, and naturally suggested to some of the wiseacres of that dignified and incorruptible body that the "corner" afforded an excellent opportunity, when the public mind was excited on the subject, to raise an outcry against the shocking immorality of such huge speculations.

A Senate Committee on "corners" and "futures" was therefore appointed, and various Wall Street men were summoned to appear before it, and give their testimony on this interesting subject. I had the honor of being one of the witnesses cited. I promptly obeyed the subpœna in preference to taking the risk of being hauled up for contempt and sent to durance vile. I appeared before the Committee at the Metropolitan Hotel, and not only answered all questions put to me, without any fashionable lapses of memory, after the manner of certain other financiers, but I regaled the Committee with a little dissertation on the subject of investigation. I had letters from members of the Legislature afterwards complimenting me for having made the points very clear. So I can say, "Praise from Sir Hubert is praise indeed," and therefore I am encouraged to reproduce that effort in this volume, not so much from an intense desire to go down to posterity as a successful orator, as from a disposition to record my approval, in more permanent form, of the soundness of the legislative judgment on my explanation of "corners."

When the applause had subsided, I spoke as follows:

"Gentlemen of the Committee on Corners and Futures: Speculation is a method now adopted for adjusting differences of opinion as to future values, whether of products or securities. This is more common now than in former years because the facilities for procuring information have increased with the greater intelligence and celerity with which all business is now conducted, and also from the greater rapidity with which such information can be transmitted by telegraph and cable.

"In former years the results of a crop were known only when it came to the market. Now almost everything affecting its future value is known with a fair degree of accuracy before the crop is harvested. This advanced information naturally becomes the subject of speculative transactions which could not have existed in former times.

"Speculation brings into play the best intelligence as to the future of values. It has always two sides. The one that is based principally on the facts and conditions of the situation wins in the end, and the result of the conflict is the nearest possible approach to correct values. The consequences of speculation are thus financially beneficial to the country at large.

"Speculation for a fall in prices is based upon the presumption of an over-supply. If it succeeds, the production of the particular product is checked until prices recover, and in the meantime production is diverted to articles less abundant. Thus speculation proves a regulator both of values and production. Speculation for a rise in prices is based upon a presumption of scarcity or short supply, and its direct effect is to quicken production and restore the equilibrium of prices.

"'Corn·rs' usually come from running speculation to an excessive length, by which the seller becomes responsible for deliveries beyond what he can possibly make. He thereby places himself at the mercy of those with whom he has made the contracts. These exigencies chiefly affect the speculators themselves, and the community at large but little.

"Extreme prices usually grow out of them, but they are only momentary, and have small effect upon regular or cash transactions, which sympathize very remotely with these temporary and artificial quotations.

"Speculation is not to be judged by its occasional excesses, but by the general effects which the foregoing considerations show to be beneficial. It regulates production by instantaneously advancing prices when there is a scarcity, thereby stimulating production, and by depressing prices when there is over-production. It thus becomes one of the most beneficial agents in the business world for the prevention of panics.

"Speculation, moreover, makes a market for securities that otherwise would not exist. It enables railroads to be built

through the ready sale of their bonds, thus adding materially to the wealth of the whole country, and opening a more profitable market to labor. In this it becomes the forerunner of enterprise and material prosperity in business.

"There are 'corners' in all kinds of business as well as in Wall Street speculation. Mr. A. T. Stewart, the great dry goods merchant, made more 'corners' during the latter part of his life than half the rest of the business community put together. He did this mainly by contracting for the entire and exclusive production of certain classes of goods, and as such goods could only be bought at his establishment he had a close 'corner' in them, and accordingly put on his own prices.

"The greater portion of all the large mercantile firms do business in the same way. And all the importing firms deal in futures. They sell goods by sample, agreeing to deliver them at a future stated period, varying from thirty days to twelve months. In the meantime the goods have to be manufactured, and in many instances purchasers have to wait until they are grown, and imported thousands of miles.

"If it were not for the support which comes from the 'short' interest in grain and the general activity created thereby in times of depression, which come periodically in this country, it would be in the power of the large speculative grain dealers in Europe to manipulate prices downward, and purchase our products every year, on raids, at prices much under the cost of production.

"When we sell to Europe we must do so at a profit, or our transactions don't help to enrich the country.

"Another curious thing about 'corners' is that the people who organize and manipulate them generally get most hurt in the enterprise. This was the case with the 'corner' referred to in Hannibal and St. Joseph. Mr. John Duff, of Boston, was the man in whose prolific brain that 'corner' originated, and the result to him was financial ruin. The stock ran up to 350, though the short account amounted to

only about 1,200 shares, and the 'shorts' had to settle at 280.

"The result was similar in the 'corner' in Northwest in 1872, manipulated by Jay Gould. The stock was started at 80 and it ran up to 280. It then reacted to the former figure. I believe Jay Gould was alone in that deal, and it came pretty near crushing him, in spite of his incomparable capacity for wriggling out of a tight place.

"Patents are 'corners' protected by law. The inventor has a monopoly for seventeen years in his invention against all the world, and this gives him a right to make and sell the article covered by his patent, often at a profit of several hundred per cent. on the original cost, and on the price it would bring if placed in competition in the open market, like railroad stocks and grain.

"If it is the intention of the Legislature of this State to stop enterprise in business, then your Committee is undertaking to accomplish that work in the right way, but I think your success would be a public calamity."

I doubt the expediency of either undertaking to regulate enterprise by law or to choke off competition by the law-making power. The result would be woeful stagnation in business. It would crush the motives for commercial activity and depress the creative energies of prosperity.

The law of supply and demand is the best regulator.

Congress attempted to suppress speculation in gold during the war, and as soon as the act was passed prohibiting such dealings, the premium on gold advanced 100 per cent. This so much terrified the wise statesmen who concocted this sweeping measure of financial reform, that they immediately displayed much more wisdom in hastening to have the bill repealed.

The simple reason that such laws will not work in practice is that where there is a will there is generally a way to evade them. This is the case with the very best of such laws that can possibly be framed. Take the usury laws for

example. The methods of getting around these are numerous, and there is practically no limit to the rate of interest that can be exacted except the conscience of the lender, which is frequently very elastic. Daniel O'Connell said he could drive a coach and six through any act of Parliament. Jake Sharp was also of opinion that he could run a double-track horse-car railroad through the best act that could be framed by any Albany Legislature. Jake was checked in his career at considerable trouble and expense, but his case illustrated that the rule referred to holds good generally in legislation.

The fact, however, that it seldom happens that anybody gets badly hurt in "corners," except the conspirators themselves, is sufficient protection for the general public, and should set the minds of legislators at rest, if they mean to do legitimate business in their law-making capacity.

The conspirators in "corners" are usually left high and dry without any market for their fictitious values, and the "corner" very frequently has the effect of putting the property out of the speculative market for a long time. The fate of Han. & St. Jo. is a warning to those who manipulate "corners." The stock was seldom quoted for months afterwards.

Take the case of Black Friday for example. It was most disastrous to the parties intimately connected with it. It came near proving Gould's ruin, and he has not got over the moral effect of it yet. The probability is it will be an heirloom in his family, a skeleton in the Gould closet for generations to come. Gould and Black Friday have become synonymous in the minds of many people, and the further from Wall Street the more the distinction becomes confounded.

In making these remarks I have no intention of throwing any reflection upon Mr. George Gould, who seems to be a very promising young man for a rich man's son. His careful education has, no doubt, done much to counteract the drawbacks incident to the sons of wealthy men to which I have

referred more fully in another part of this book. His maternal training, I understand, has been of the most exemplary kind. This will go far to offset the disadvantages to a business career, which the accident of his birth in luxurious surroundings, according to my theory, otherwise entails. If his brain is composed of the genuine plastic material out of which the craniums of successful financiers are made, he may learn to forget that he has been nursed in the lap of luxury, and look back with due respect to the hole whence his father was digged and the rock whence he was hewn. He may have brains enough, possibly, to reflect with more pride on that ingenious mousetrap that first brought his father into prominence, than the gew-gaws of the gilded palace in Fifth avenue, the luxuries of the handsome parlors and rich conservatories at Irvington, and the gorgeous trappings of his father's yacht and palace cars. I have, therefore, great hopes that George will be a conspicuous exception to the rule I have propounded elsewhere regarding rich men's sons.

When a large mercantile firm buys up goods in any line so that nobody else has the same goods, it then has a "corner" in these goods.

"Corners" in goods differ from "corners" in Wall street in regard to their influence on the organizers. They don't act like a boomerang as the Wall Street "corners" mostly do. The "corner" is sometimes sustained during the life of the manipulator, as in the case of Mr. Stewart.

The successors of the great operators sometimes maintain it, but in this instance Judge Hilton made a signal failure, though in some respects he is a far abler man than Stewart was. Yet, he had not the genius, for working "corners," of his eminent predecessor. He is, probably, so well learned in the law that he has too much inclination to go around the "corners."

One thing is certain, very few of these merchants can become wealthy except through the medium of "corners." It

is by these peculiar methods that nearly all large fortunes are amassed in their line, and in a perfectly legitimate manner, too, whatever casuists and hair-splitting moralists may say or think about the matter. The tendency to make "corners" seems to be interwoven in our business methods, and to play an important part in the struggle for existence. So I don't see what we are going to do about it without a radical change in that compendium of the best political wisdom that the world has ever seen. I refer to the Constitution of the United States. All the acumen and sophistry which the most astute Philadelphia lawyer could bring to bear upon it has hitherto failed to show that there is anything in this wonderful document opposed to the liberty of making "corners."

As Mr. Gladstone has truly said: "This document is the most wonderful work ever struck off at a given time by the brain and purpose of man."

I hold there is nothing in the Constitution opposed to the freedom of making "corners," and that all the evils resulting from these speculative inventions can be met and counteracted by business methods, and the laws regulating the ordinary concerns of life without resorting to any rigid or special methods.

To dispose of "corners" or abolish them on the large scale to which I have alluded would presume an entire revolution in our social system, and to attack them piecemeal, as the Legislature frequently does, involves a very suspicious kind of discrimination, and is at variance with the spirit of the Constitution. In fact it often amounts to a kind of thinly-disguised blackmail.

The truth is, that it is almost impossible to legislate against "corners" without aiming a fatal blow at speculation itself, which, as I have shown, is a vital principle in the regulation of values, the stability of business, and the prevention of panics.

I believe the men of most experience, not only in Wall

Street, but in other departments of finance and commerce, will bear me out in the statement that a market where even values are considerably inflated by speculation, is more desirable than a period of depression. The result, in the long run, is the greatest good to the greatest number. I don't believe that the ghost of Jeremy Bentham himself could rise up and consistently condemn this statement.

I believe that speculation in grain and provisions is materially beneficial to consumers, and that the latter are better off, one year with another, and less liable to be menaced with periodical famines, than if there were no speculation in these necessities of life.

Before leaving this prolific theme of "corners" I wish to say a few words about my own experience in that line. The only "corner" in which I have ever been materially hurt during my long business experience was one manipulated by the State of Georgia.

This Sovereign State issued and granted altogether about eight millions of bonds, all bearing the great seal, properly signed and legally issued for full value. I advanced over two million dollars in good money on a part of these bonds. Shortly after this transaction, the State of Georgia ascertained through a garbled report of a committee sent to this city by the Georgia Legislature, that all these bonds were held outside of her own borders. The Legislature then passed an act of repudiation, thereby reducing the value of the bonds from par to that of waste paper. When I discovered that my little pile of two million dollars in what I considered good securities would no longer exchange for greenbacks, I had a very disagreeable sensation of having been "cornered" by the high toned and chivalrous representatives of the State of Georgia, which, through its lawmakers, claimed the sovereign right to do wrong to the citizens of a sister State.

In the Harlem "corner," which is referred to in another place, contracts to deliver at 110 were settled at 179.

About three million dollars were taken out of the pockets of the bears. Several prominent houses went down in the struggle. The result of the "corner" was that the bulls were saddled with the entire capital stock of the property.

One broker, who had sold calls at 150 and was requested to fulfil his contracts when the stock had advanced to 250, was very much in the same position as Glendower's spirits, which were called from the vasty deep but would not come. "I don't see anything here," he said, "about delivering. You can call, but I don't mind it."

There were two "corners" in Harlem. The Common Council was cornered in one and the Legislature in the other.

In the Rock Island "corner" the bulls bought 20,000 shares more than existed, and the price rose from 110 to 150.

London financiers have a fearful horror of "corners." Hence the London Stock Exchange is very chary about listing our railroads, especially those with a moderate number of shares.

"Corners" are seldom profitable, and the parties connected with them can hardly escape getting badly hurt unless they are prepared to own and carry the entire property. Even in that event, it is usually put out of the speculative market for a considerable time.

The Hudson "corner" was one of the most successful. It paid a profit of 12 per cent. There was a profit of 4½ on the Rock Island "corner."

The first "corner" of which there is any record in Wall Street was in Morris Canal, an old "fancy" now almost forgotten except for its "corner." It had been forced upward as fancies frequently are, until it was far above its intrinsic value, and several operators began to sell "short."

After this operation had gone on for some time a pool was formed to protect it, and the pool bought it all up and locked it up in a trunk. The operation was new to the

Street and the bears were astounded, but when called upon to settle they became furious, and accused the manipulators of the "corner" of entering into a conspiracy. The "bulls" asked the "bears" why they had sold what they did not possess and could not procure.

The dispute was referred to the arbitration of the Board of Brokers, and that eminent body, then unsophisticated in the arts of speculation, took what seemed to them an equitable view of the case, and decided it in favor of the "shorts," who, on the ground of conspiracy on the part of the clique, were relieved from fulfilling their obligations.

CHAPTER XIII.

THE COMMODORE'S "CORNERS."

THE GREAT HUDSON "CORNER."—COMMODORE VANDERBILT THE "BOSS" OF THE SITUATION. — THE "CORNER" FORCED UPON HIM."—HOW HE MANAGED THE TRICK OF GETTING THE BEARS TO "TURN" THE STOCK, AND THEN CAUGHT THEM.—HIS ABLE DEVICE OF UNLOADING WHILE FORCING THE BEARS TO COVER AT HIGH FIGURES.—THE HARLEM "CORNER."—THE COMMON COUNCIL BETRAYED THE COMMODORE, BUT WERE CAUGHT IN THEIR OWN TRAP, AND LOST MILLIONS.—THE LEGISLATURE ATTEMPT THE SAME GAME, AND MEET WITH A SIMILAR FATE.

IN the Hudson "corner," the stock jumped from 112 to 180. Commodore Vanderbilt was the "Boss" of the situation in this "corner." He got the "bulge" completely on all the other parties connected with it, and what is more, he had the balance of the sympathy of the Street with him, for he was not the aggressor in getting up the "corner." The fighting at first was forced upon him, but he acted on the defensive in a way that made his opponents sorry for their rashness. Though he did not know much about Shakespeare, he acted in accordance with old Polonius' advice to his son by pushing the opposition to the wall.

As soon as he gained the mastery, he became severely aggressive, as he was in everything.

The beginning of this story of the Hudson "corner" is somewhat romantic. The Commodore was sunning himself on a pile of logs on the Jersey side of the Hudson while his yacht lay in the stream, and he was in the mood for enjoying a long and well-earned vacation, attempting to lay aside for a time the toil and trouble of eking out a precarious existence in speculation. While basking in the noon-day sun and gazing with delight on the luxurious foliage that arose from the New Jersey bank of the river, he was aroused

from his charming reverie by a messenger from Wall Street, who conveyed to him the important intelligence that a wicked and unregenerate clique of "bears" had conspired to sell Hudson stock "short," and that it was declining with great rapidity under the repeated and unmerciful blows of their hammers.

The Commodore arose and shook off his lethargy, as a lion may be supposed to shake the dew from his mane prior to his preparation for a spring upon an unfortunate foe.

The Commodore hastened down to Wall Street and instructed his brokers to take all the sellers' options offered in Hudson. Cash stock was then taken as quickly as possible until the market was bare. A brief calculation showed that the buyers had secured either as cash or contract stock all the Hudson stock in existence with the exception of a small number of shares which were not expected to come upon the market.

The prolific brain of the Commodore then invented a new move in the game. A number of leading "bear" houses were requested to "turn" Hudson, which means to buy it for cash from the cornering party and sell it back to them on buyers' options for periods varying from ten to thirty days. This able ruse was intended to impress the bears with the idea that the cornering party was weak. It seemed as if they were short of cash. So the leading bears grasped at the good chance, as they imagined, of turning several thousand shares, and instantly threw the cash stock on the market. It was privately picked up by the brokers of the great "cornerer."

Everything having thus far progressed in favor of the ruse the trap was sprung upon the unsuspecting party. The sellers' options began to mature, and there was no Hudson to be obtained.

The "corner" was complete, and the stock rose to 180. It had been 112 a few mornings before, when the Commodore was basking in the sun, and found that the bears were tak-

ing advantage of his absence. The loss on a hundred shares was $6,800.

There were about 50,000 shares contracted for to be delivered at this rate of profit by the "cornerers." It will thus be seen that they were well fixed.

The bears were in terrible anguish.

But the worst part of the deal for these poor animals had yet to come. The bears who had turned the stock were notified that they must stand and deliver. They complained bitterly of the ingratitude of the bulls, whom they had only sought to oblige, by turning the stock. The bulls were implacable, however, and demanded their property. They proposed a compromise which was most exacting. They were willing to lend stock at five per cent. per day. Some of the bears paid this, thinking the "corner" would be of short duration, but it continued for over two weeks, and, after paying five per cent. a day for several days, these poor victims bought the stock at the high rate and settled.

This double move in turning the stock was the ablest trick that had ever been accomplished in cornering. It made Vanderbilt king of strategists in that line.

But the best part of the stratagem was that wherein the bulls saved themselves from being saddled with the whole stock, and made immense profits out of the deal.

While some of the bears were purchasing to cover at 170, Vanderbilt's private brokers were selling at 140, the clique thus craftily unloading at good paying figures. This was one of the best inside moves in the whole history of "corners."

The bulls thus saved themselves from the risk of being loaded with probably the whole, or at any rate the greater part of the capital stock, and through the Commodore's able management the load was comparatively light at the end of the deal, the property remaining as good a speculative as before, which is a rare exception in "corners."

The "corner" in Harlem was not less skilfully managed

than the one in Hudson, but it had fewer complications. It was all plain sailing, so to speak, compared with the former, yet it clearly illustrated that the Commodore had a genius for "corners." When he managed the Harlem "corner" he had had no experience in railroad matters, and he had reached the ripe age of sixty-nine.

I place the Hudson "corner" first in order because it was, in several respects, the greatest, though it happened at a later date than the Harlem.

It is a curious fact that in nearly all "corners" with which the Commodore was connected, he was on the defensive, and seldom the aggressor at the beginning of the fight. He was always placed in such a position that he had to fight hard to defend his property, or let it go to the dogs.

Buying stock in Harlem was his first venture in railroad transactions. He bought it as an investment. This was in 1863. Thirty years prior to this he had been requested to go into Harlem, but he declined, ironically remarking: "I'm a steamboat man, a competitor of these steam contrivances that you tell us will run on dry land. Go ahead. I wish you well, but I never shall have anything to do with 'em."

When the Commodore went into Harlem it was selling at eight or nine dollars a share. It had been down as low as three dollars about the time I arrived in Wall Street. He put some money in the road, began improvements and the stock soon rose to 30. Many people predicted that the Commodore would lose all the money in railroads that he had made in steamboats.

The stock, however, gradually rose to 50, and speculators began to perceive that there was some inside movement going on. This was made apparent when one day in April, 1863, the Common Council of this city passed an ordinance authorizing the Commodore to build a street railroad down Broadway to the Battery. So Jake Sharp's enterprise was not original, as the Commodore was over twenty years ahead of him.

The Common Council were not immaculate in those days either, though the Jaehnes and Waites escaped punishment. They basely deceived the Commodore after taking his money; but he punished them severely. As soon as the franchise was granted, Harlem advanced to 75, and the Aldermen began to sell it "short." They thought they had the Commodore fast in their clutches, and took their friends into the secret. They expected to sell enough of stock to make several millions. Their plan was to sell "short" all that the market would take, and then repeal the ordinance, which would cause the stock to drop probably below 50. Drew was one of the great bears in this deal with the Aldermen.

The Commodore got wind of the scheme, went on buying, and got others to help him, taking all the "shorts" that were offered. The operators had soon sold a great deal more Harlem stock than there was actually in existence. There were 110,000 shares of Harlem. When the Aldermen and their friends thought they had made millions, they repealed the ordinance, and Judge Brady, in the Court of Common Pleas, at the same time issued an injunction prohibiting the laying of rails on the Broadway road.

Everybody thought that the Commodore was hopelessly ruined. Harlem stock, however, dropped three points only, to 72. This created surprise among the Aldermen and the bears. They thought it should have dropped to 50. The "shorts" went into the market for the purpose of covering. Harlem ascended with amazing rapidity to 100, to 150, to 170 and finally to 179. The Common Council were obliged to make their final settlements at the last figure. The Commodore had all the stock. The Common Council lost a million, and their friends, whom they had advised to sell "short," lost several millions. The Commodore "raked in" five or six millions, and went on his way rejoicing and improving Harlem, having now taken "Bill" in with him as vice president.

One would naturally imagine that the severe lesson which the Common Council had received in "corners" would have taught others to beware of the Commodore in this line of speculation, although it was new to him, but it did not. People as a rule will not learn either by precept or example. They must go through the rough experience themselves.

The Legislature soon fell into the same trap in which the Common Council had been caught and which they had actually set for themselves. The following year the Commodore secured control of the Hudson River Railroad through the purchase of its stock, and afterwards secured a sufficient number of the members of the Legislature to pass a bill consolidating the road with Harlem. He also won the promise of the Governor to sign the bill.

Harlem again began to rise, and went from 75 to 150. This was early in 1864.

The members of the Legislature employed to pass the bill pocketed the money of the Commodore and then hatched a conspiracy, after the manner of the Common Council, to ruin him and make millions by his fall. He had a shrewd lobbyist in the Legislature, however, who attentively watched his interests while he came down to New York to purchase stock for the rise that must have necessarily followed the passage of the bill. He had not been long in Wall Street when he was informed that the Legislature were imitating the game in which the Common Council had been so signally defeated the previous year. The Commodore sent him word to keep close watch at Albany, and he went on buying stock in Wall Street.

The bill was defeated. Harlem stock had a slump from 150 to 90. The Commodore was in a dilemma, and would have been dreadfully embarrassed only for the intense avarice of the Legislature. If they had bought and delivered at 90, they would have made millions, which the Commodore would have lost; but, like the horse leech's daughter, they cried out for more. Nothing would satisfy

them until the stock should be depressed to 50. Then they could "scoop" in several millions and the Commodore would be wound up. This was probably the darkest hour in the Commodore's life. He hardly knew which way to turn. He was on the ragged edge. He has often pathetically described his feelings at this crisis to his intimate friends. He was almost on the brink of despair. He sent for old John Tobin, who had been a gate keeper at the ferry-house at Staten Island. Tobin had made quite a haul in the former deal in Harlem, and was worth over a million. He told Tobin what the perfidious members of the Legislature had done. John had been buying Harlem also in prospect of a rise.

"They stuck you too, John," said the Commodore. "How do you feel about it?" John sighed, and replied that his feelings were not the most enviable. "Shall we let 'em bleed us?" queried the Commodore.

John sighed again, but did not know what reply to make.

"John, don't them fellows need dressing down?" emphatically queried the Commodore. John answered in the affirmative, but did not see how it was to be accomplished, as "them fellows" at that moment seemed to hold the fort.

After a pause of deep reflection, the Commodore, again addressing John with intensified emphasis in his tone, said: "John, let us teach 'em never to go back on their word again as long as they draw breath. Let us try the Harlem 'corner' once more."

It was agreed to try and repeat the Harlem "corner."

John put up a million. Leonard Jerome also went into the deal. It took five millions to face the Legislature in this game, in which they had every opportunity of packing all the cards. It was virtually, at first, a silent game of whist, at which the Commodore was a noted player. He never played with greater skill than this time, except in the Hudson "corner," and in both instances he almost manifested the skill of inspiration.

The members of the Legislature completely lost their heads. The old classic maxim, "whom the gods devote to destruction, they first make mad," appeared to apply peculiarly to them, in the manipulation of the Harlem "corner." Some of them mortgaged their houses and lands to get money to sell Harlem "short." They advised all their friends that it was such a sure thing that failure was impossible, and brought all of their acquaintances whom they could influence into the speculative maelstrom of Harlem.

In the course of a few weeks, the members of the Legislature and their friends had sold millions of Harlem to be delivered at various periods during the summer, when they expected it would go 'way down, probably to 8 or 9, where the Commodore had originally bought it.

They expected, moreover, that the Commodore would have appeared at Albany either in person or by his lobby representatives to sue for terms of settlement. They were greatly disappointed. He never left the company of his brokers in Wall Street, and persisted in purchasing. The members thought he must be mad, or at least in his dotage. He was then threescore and ten, the Scriptural limit of human days.

The Commodore continued to purchase Harlem until he had bought—paradoxical as it may seem to the general reader—27,000 shares more than were in existence of Harlem stock.

When the members of the Legislature who set the trap to catch Vanderbilt, but in which they themselves were now hopelessly ensnared, went into the market to buy for the purpose of covering, there was no Harlem to be had. Vanderbilt and his brokers had every share of it safely secured in their strong boxes.

The members of the Legislature were paralyzed. They could expect no mercy from the Commodore. He owed them none, and though a good Christian prior to his death, he was then practically a stranger to the doctrine of the great Nazarene, "Return good for evil," or, "whosoever shall

smite thee on thy right cheek, turn to him the other also." He was rather inclined to follow the maxim of that practical Quaker, who, when smitten on the cheek and asked to turn the other, replied, "Friend, thou didst not read far enough. It is written, 'pay what thou owest,'" and he knocked the fellow down.

This was the rule of action to which the Commodore rigidly adhered in dealing with the Legislature in the Harlem "corner."

When a compromise was mooted to him, the Commodore replied, "Put it up to a thousand. This panel game is being tried too often."

No doubt he would have put it up to a thousand and totally ruined the members of the Legislature, with the Governor and their friends included, only for the overpowering appeals of his two trustworthy friends, Leonard Jerome and John Tobin.

Mr. Jerome had no sympathy for the Legislature, any more than Vanderbilt had, but he had a patriotic desire to take care of the "Street," thus showing the large and comprehensive view of which this able financier is capable where a broad speculative question and a variety of diverse interests are involved.

"If you should carry out your threat," said Mr. Jerome to the Commodore, "it would break every house on the Street."

The Commodore yielded to that touch of nature that makes all the world akin, and under the magnetism of Jerome's prudent entreaty, like Pharaoh with the Israelites, agreed to let the Legislature go—at 285 for Harlem.

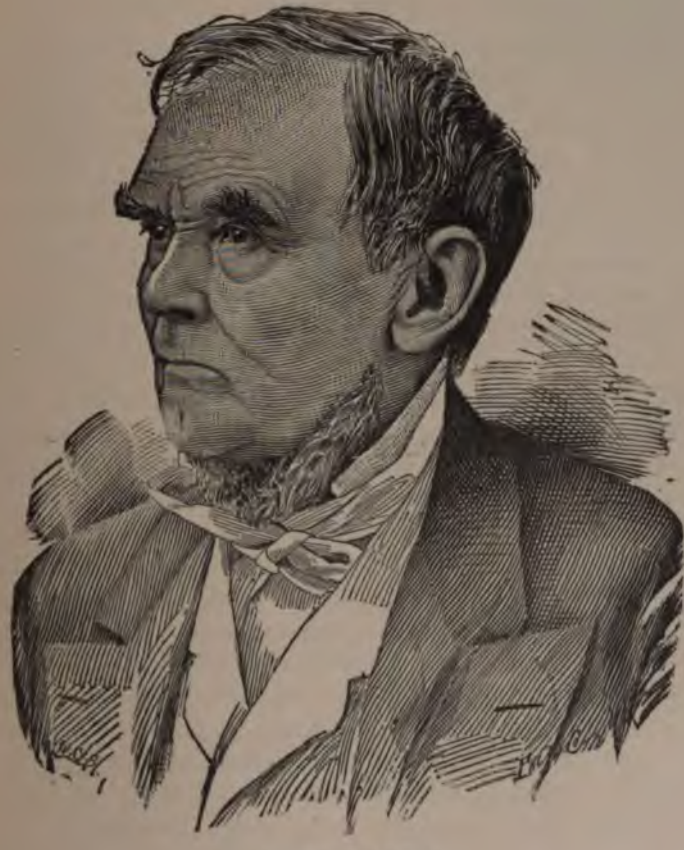
In one day 15,000 shares matured at this figure. Speculators who read these lines, just pause and think of it for a moment! The stock that sold at $3 when I made my debut in Wall Street in 1857, reached 285 in 1864, and could have been put to 1,000. Don't you feel astounded at the possibilities of speculation?

Then, again, think of the one-man power that could accomplish this wonderful feat and prevail against a whole Legislature and its Governor, with the choicest assortment of "crooked" lawyers in the State, versed in all the arts of duplicity and cunning to aid and abet said Legislature and its Governor.

Think of this, and then you will have some conception of the astute mind that the Commodore possessed, without education to assist it, in the contest against this remarkable combination of well-trained mental forces. There can hardly be a doubt that the Commodore was a genius, probably without equal in the financial world. There was hardly any achievement of his life which he gloated over with such ineffable delight as the cornering of the Legislature. He would say, when referring to the matter afterwards: "We busted the whole Legislature, and scores of the honorable members had to go home without paying their board bills." Thus ended the second "corner" in Harlem.

Many large houses were ruined by the "corner," and a host of private speculators lost all they had. Daniel Drew came very near being swamped in it, but finally escaped with paying a million, chiefly through his influence at court.

It is unnecessary to speak of the celebrated Erie "corners" here, as I have treated them pretty fully in the life and speculations of Drew.



DANIEL DREW.

CHAPTER XIV.

DANIEL DREW.

DREW, LIKE VANDERBILT, AN EXAMPLE OF GREAT SUCCESS WITHOUT EDUCATION.—CONTROLLED MORE READY CASH THAN ANY MAN IN AMERICA.—DREW GOES DOWN AS GOULD RISES.—"HIS TOUCH IS DEATH."—PREDICTION OF DREW'S FALL.—HIS THIRTEEN MILLIONS VANISH.—HOW HE CAUGHT THE OPERATORS IN "OSHKOSH" BY THE HANDKERCHIEF TRICK.—THE BEGINNING OF "UNCLE DANIEL'S" TROUBLES.—THE CONVERTIBLE BOND TRICK.—THE CORNER" OF 1866.—MILLIONS LOST AND WON IN A DAY.—INTERESTING ANECDOTE OF THE YOUTH WHO SPECULATED OUTSIDE THE POOL, AND WAS FED BY DREW'S BROKERS.

ONE of the most singular and eventful careers in Wall Street was that of Daniel Drew, familiarly called "Uncle Daniel." This man affords another remarkable instance of the possibility of attaining great success by stubbornly following up one idea, and one line of thought and purpose. His life also shows that education is not necessary to success in the acquisition of money, but, as I have attempted to show in another chapter, may be a great hindrance.

This fact is abundantly illustrated in the lives of both Drew and Vanderbilt. In fact, everybody who knew these two men were of the opinion that with a fair or liberal education they would never have cut a prominent figure as financiers. It is also questionable whether either of them, with all their ability in other respects, would have been capable, with their peculiar predilections for other pursuits, of receiving a common school or college education. They, probably, had not the capacity for that kind of acquisition. Perhaps it might have been impossible for any teacher to make Drew pronounce the word shares otherwise than "sheers," or convince Vanderbilt that the part of a loco-

motive in which the steam is generated should not be spelt phonetically, "boylar."

It is more than probable that professors in grammar would have found it a hopeless task to convince the Commodore that there was anything wrong in the expression, "Never tell nobody what yer goin' to do, till you do it," or Drew that it was improper to say to his broker, "Gimme them sheers," when he desired his stocks reduced to possession. Both men seemed to think with the character in Shakespeare, that reading and writing, like their other attributes, came by nature. They evidently thought that their abilities for financiering emanated solely from that source, and results largely bore them out in that interpretation. Both had supreme contempt for persons of less ability than themselves in the speculative arena, yet they were terribly jealous of rivals who essayed to compete with them in their own peculiar methods of making money. Cunning and shrewdness were the leading characteristics of Drew. Though illiterate himself, he, however, showed that he appreciated education in others, by erecting and endowing a seminary in his native place.

Some people who were not inclined to give Drew any credit for the finer and more generous and genial feelings of man's nature, said that his motive for this endowment was merely popularity, and a morbid desire, like that of Vanderbilt, to perpetuate his name.

Another motive, however, less ennobling to man's nature, seemed to be the true one. He saw that the religious element in society was then influential, and that many religious people of his acquaintance were in good circumstances, and he sought to ingratiate himself with them in order to make use of them in his speculations.

This appears clearly to have been at the bottom of his precious gift of a seminary to his native county. It was a curious illustration of retributive justice, if I am right about his motive, that he was obliged to default in the payment of that gift, with the exception of the interest.

Daniel Drew, at one time, could command more ready cash at short notice than any man in Wall Street, or probably than any man in America. His wealth was estimated at thirteen million dollars. He made a very large part of this out of his speculations in Erie stock, of which corporation he was then managing director and treasurer. Being thus on the inside, he was enabled to leave everybody else on the outside in the ups and downs of the market, which he himself generally engineered.

The Street was frequently amazed by fluctuations of 20 or 30 per cent. in Erie stock, sometimes in the course of a day or two, through the able manipulation of Mr. Drew.

It was a sorry day for Drew when Jay Gould took his place in the control of Erie, and it was equally disastrous for the Erie property.

From this period Gould began to grow rapidly to the full stature of speculative manhood, while Drew moved as quickly in a downward direction, until he found himself again at the lowest rung of the financial ladder. It was no wonder that he said of Gould, "his touch is death."

Drew's losses followed one another in quick succession, until his thirteen millions had melted away like snow off a ditch, and eventually he died in debt and broken hearted. His last days stand out as a sad, but eloquent warning to the avaricious. And this reminds me of a festive event, the chief incidents of which, I think, are worthy of reproduction.

I remember being at a dinner party ostensibly given to the old gentleman when in the very zenith of his financial fame and prosperity. It was a kind of mutual admiration society, Drew being the king-pin of the social coterie. On account of his thirteen millions he was the centre of cringing admiration, and was by a number of the assemblage almost deified.

As is usual on such occasions, speechmaking was in order, the oratorical talent being called out by the toasts as they went the round of the board.

When it came my turn to speak, I followed suit, to some extent, in picking up the thread of the general glorification extended to the honored guest, to whom I paid marked deference.

"We are honored," I said, "on this festive occasion, by a gentleman of vast wealth, one who can control more ready money than any man in America, and be it said to his honor, it has all been of his own creation. He is a true representative of American thrift and enterprise. His money and his genial disposition together combined make all men his friends, and I know of only one antagonistic spirit to the continued growth of this already marvellous fortune; but that one, in all probability, may yet work his ruin. I refer to our honored guest, Mr. Drew, and his one enemy which I have in mind is 'Avarice.'"

In five years from that memorable dinner Daniel Drew was a ruined man, and his thirteen millions had vanished like the baseless fabric of a vision, leaving nothing but the miserable wreck of an avaricious spirit behind.

The manner in which Drew was supposed to make religion the handmaid to speculation was satirically touched in the following verses published in the New York *Tribune* about fifteen years ago:

He was a long, lank countryman,
And he stoppeth one of two.
"I'm not acquaint in these yeere parts,
An' I'm a lookin' fur Dan'l Drew."

"I'm a stranger in the vineyard,
An' my callin' I pursoo
At the institoot at Madison,
That was built by Dan'l Drew."

"I'm a stranger in the vineyard,
An' my 'arthly wants are few;
But I want sum p'ints on them yer sheares,
An' I'm a lookin' fur Dan'l Drew."

Again I saw that laborer,
Corner of Wall and New;
He was looking for a ferry boat,
And not for Daniel Drew.

Upon his back he bore a sack,
Inscribed "Preferred Q. U."
Some Canton scrip was in his grip,
A little Wabash, too.

At the ferry gate I saw him late,
With his white hat askew,
Paying his fare with a registered share
Of that "Preferred Q. U."

And these words came back from the "Hackensack:"
"Ef yew want ter gamble a few,
Jest git in yer paw at a game o' draw,
But don't take a 'and with Drew."

Mr. Drew was negligent in his attire, even to the verge of slovenliness. He dressed like a drover, having originally been employed in that capacity. By the way, the significant term of "watering stock" originated in the practice of Uncle Daniel giving his cattle salt in order to create a thirst in them that would cause them to imbibe large quantities of water, and thus appear bigger and fatter when brought to market. Until he met with Gould and Fisk, it was difficult for anybody to get the best of him in a deal.

He was wonderfully prolific in resources for the purpose of getting advantage of those who attempted to overreach him.

A good story, illustrative of this trait in his speculative character, is told of the time that he was so severely squeezed in Northwestern stock. He was greatly grieved at his ill luck, while the brokers and operators who had been prosperous at his expense were highly elated. They considered it a great thing to have caught the wily old Daniel napping. He was accordingly made the victim of much ribaldry and jesting for several days in Wall Street. Some of the young men carried the joke so far as to meet him and laugh significantly and irritatingly in his face. He seemed to take it all in good part, for he had a happy flow of animal spirits, but he had a terrible rod in pickle for these young men who were making him an object of ridicule.

He watched for his opportunity, and one evening as several of them were enjoying themselves in an uptown club, Uncle Daniel walked in, *sans ceremonie.* He appeared to be looking after some man, and though invited to remain, seemed to be in a great hurry to get away, and was apparently excited and warm. He seemed to have something important on hand. He drew a big white handkerchief out of his pocket a few times and wiped the perspiration from his heated brow. When he was about to depart there came out of his pocket with the handkerchief a small slip of white paper which floated around apparently unseen by him, and alighted at the feet of one of the bystanders, who quickly set his foot upon it. When Mr. Drew made his exit the white scrap of paper was instantly scanned. It contained these ominous words in his own handwriting: "Buy me all the Oshkosh stock you can at any price you can get it below par."

Here was a speculative revelation for the boys, for everybody believed at the time that Oshkosh had already gone too high, and the point had been circulated to sell it "short." The mysterious words written on this erratic slip of paper, however, convinced these operators that there must be a new deal to give Oshkosh another "kiting." There was no time to be lost in taking advantage of the unexpected and highly valuable information. They formed a pool to purchase 30,000 shares the next day. They bought the stock according to pre-arrangement, and a new broker of Daniel Drew's was the man who sold it to them. They only discovered how badly they themselves had been sold by Mr. Drew's handkerchief trick when Oshkosh began to decline at the rate of a dozen points a day, and Uncle Daniel soon raked in from the jokers and their friends more than he had lost in Northwest.

Mr. Drew first entered the Board of Directors in Erie about the year 1852, and remained there until he was squeezed out, and almost ruined, in 1868. He held the office of treasurer to the corporation.

Drew was born in the town of Carmel, Putnam county, in the year 1797, and was three years younger than Vanderbilt. As I have intimated above, in early life he drove cattle from his native town to New York. He afterward became proprietor of the Bull's Head tavern in this city.

He never changed his style of dress from that to which he was accustomed to wear when he was a drover, and when he was worth thirteen millions, instead of sporting a gold headed cane, he went around Wall Street with the handle of an old broken umbrella in his hand. While treasurer of Erie he used every opportunity to manipulate the stock to his own advantage, irrespective of the rights or interests of any other person. He was the leading bear of the market for many years. Like Vanderbilt, he was interested to some extent in steamboats, but he made Erie stock the great medium of acquiring his vast wealth. He got the name of the speculative director, and at the outbreak of what was known as the Erie war he was supposed to be almost financially impregnable.

The "corner" of 1866 was the beginning of Uncle Daniel's troubles. Up to that period all had gone merry as a marriage bell with him, and he was piling up the millions at a rate which no other financier or speculator had ever dared to imitate. Erie stock was selling at 95 in the spring of that year. The company was badly off for money. It made application to its treasurer for the needed relief. He was ready to serve it in that way at all times, but he wanted security for the loan. There were then 28,000 shares of unissued Erie stock. The company also claimed the right to raise money by the issue of bonds convertible into stock at the option of the holder.

This was an old trick in the management of Erie matters. It had saved Jacob Little on one occasion, as I have mentioned in a former chapter, during the earlier history of speculation in Wall Street. It was, therefore, not original with the Drew management of Erie, as some people have supposed.

The 28,000 shares of unissued stock then, and three millions of dollars of convertible bonds, were placed in the hands of Mr. Drew as security, and he advanced the loan of 3½ million dollars to relieve the pressing necessities of the corporation.

When Drew found himself thus fortified with the convertible bonds, he laid another trap for the boys in the Street. Erie had been rapidly absorbed for some time, and was very strong at 95 with anxious purchasers. The stock was, therefore, becoming very scarce. Mr. Drew had a large number of contracts to fill, and operators were wondering where he would get the stock to settle. Many of them were laughing in their sleeves at his impending embarrassment, as they had done on a former occasion, and were in ecstacies of delight at the idea of the terrific "squeeze" which the old man was about to experience. When he seemed on the very horns of this dilemma, upon which the rampant bulls thought they would successfully impale him, he converted his three million bonds into an equivalent amount of stock, threw 58,000 shares on the market, met all his contracts, and fed the voracious bulls with all they wanted.

Hungry as the Street had been for Erie, this was an overdose that it was utterly incapable of digesting. The bulls were paralyzed, and before they could rally their broken ranks from the demoralizing effects of this unexpected sortie from the stronghold of Erie, the stock had declined from 95 to 50, wiping out the broadest margins and putting the whole army of bulls, reserve forces and all, to utter rout.

Millions were lost and won in a day in this deal.

This was regarded as a grand *coup d'etat*, and one of Drew's most brilliant exploits in operating. In fact, at the time, it seemed to throw every prior operation of this nature totally in the shade, and the other leading operators of the street were blue with envy, green with jealousy, and raging mad over their losses and the way they had been entrapped and almost ruined by the deeply-laid scheme of

the Erie treasurer. Drew was despised, feared and revered on account of this unparalleled achievement. He then essayed to rest on his oars for a short time, but his period of repose was but short-lived.

There was a little side-show in connection with the maturing of the operations in the pool just referred to, which is so characteristic of Daniel's methods that it is worth relating. There was a young man in the Erie pool, but not in the wheel-within-the-wheel in that sacred circle, who imagined that the purpose of the pool was to put Erie stock up, and accordingly he borrowed money from Uncle Daniel, his credit being good and having money in the pool funds, to purchase Erie. The accommodating treasurer not only lent him the money, but his private brokers sold the young man the Erie stock desired. He was duly fed from day to day with the quantity which his speculative appetite craved. After the slump just referred to, this unsophisticated youth and some other members of the pool among his friends, went to Uncle Daniel and requested him, as manager of the pool, according to the programme supposed to have been agreed upon, to put Erie again on the line of advance, in order that the young man and his friends might get in and out again, so as to cover their recent losses.

Mr. Drew, however, coolly informed them that the pool had no Erie stock and did not want any, and was not prepared to trade in that security any more at that time.

"I sold all our Arie at a profit," said Uncle Daniel, "and am now ready to divide the money."

So this youthful member had the felicity of discovering that while he was speculating on his own account for a rise, Uncle Daniel was looking after his interests in another direction, and had realized at the most opportune moment.

Thus this amateur operator, whom Uncle Daniel had amused, without letting him into the secret, in the way described, got nearly enough of money back to pay the loss he had sustained experimenting outside the pool on his own

account, and upon his own independent but fallacious judgment.

If he had not speculated outside, he would have had very handsome profits from the pool, but he would not have obtained the useful experience which was connected with his losses, and the independent attitude he was ambitious to assume in speculations.

CHAPTER XV.

DREW AND VANDERBILT.

VANDERBILT ESSAYS TO SWALLOW ERIE, AND HAS A NARROW ESCAPE FROM CHOKING.—HE TRIES TO MAKE DREW COMMIT FINANCIAL SUICIDE.—MANIPULATING THE STOCK MARKET AND THE LAW COURTS AT THE SAME TIME.—ATTEMPTS TO "TIE UP" THE HANDS OF DREW.—MANUFACTURING BONDS WITH THE ERIE PAPER MILL AND PRINTING PRESS.—FISK STEALS THE BOOKS AND EVADES THE INJUNCTION.—DREW THROWS FIFTY THOUSAND SHARES ON THE MARKET AND DEFEATS THE COMMODORE.—THE "CORNER" IS BROKEN AND BECOMES A BOOMERANG.—VANDERBILT'S FURY KNOWS NO BOUNDS.—IN HIS RAGE HE APPLIES TO THE COURTS.—THE CLIQUE'S INGLORIOUS FLIGHT TO JERSEY CITY.—DREW CROSSES THE FERRY WITH SEVEN MILLIONS OF VANDERBILT'S MONEY.—THE COMMODORE'S ATTEMPT TO REACH THE REFUGEES.—A DETECTIVE BRIBES A WAITER AT TAYLOR'S HOTEL, WHO DELIVERS THE COMMODORE'S LETTER, WHICH BRINGS DREW TO TERMS.—SENATOR MATTOON GETS "BOODLE" FROM BOTH PARTIES.

ONE of the most interesting episodes connected with the speculative life of Drew, in the somewhat sensational history of Erie affairs, was the interposition of Commodore Vanderbilt in one of the famous deals of the Erie clique. His object was to swallow up the corporation, and it came pretty near swallowing him. He was only saved by the skin of the teeth, after one of the most prolonged and desperate financial struggles of his life.

In order to explain clearly the manner in which the Commodore became involved in the Erie matter with Drew and his partners, it will be necessary to take a brief resume of the history of a few of his other prominent deals, more fully dwelt upon elsewhere.

In 1860 Harlem stock had sold as low as eight or nine

dollars a share. In January, 1863, when Vanderbilt got full control of the property, the stock had advanced to 30, and in July of the same year it had bounded to 92. In August, when the "corner" was effected, it went to the remarkable figure of 179.

It was put through a similar operation the succeeding year, and the stock, which sold in January below 90, was settled for in the following June at 285. Drew had been drawn into one of these transactions, and his losses reached nearly a million.

Vanderbilt's prospects with the Harlem property were seriously menaced by the competition of the Hudson River Railroad. He bought up the competing line, and thus destroyed the competition. He made this purchase when the stock was at par. He soon manifested his superior power in management, and displayed his skill in the art of "watering," which he had invented. He had the stock advanced to 180 in a very short time.

Seeing his great success with these two properties, through his novel and unique methods of financiering, the managers of the New York Central, thinking that discretion was the better part of valor, and perceiving that they could not hold out against the edicts of manifest destiny very long, offered their property to him almost at his own price, which he very cordially accepted, approving their good judgment and keen perception.

He obtained full control of New York Central early in 1867. As soon as this triple amalgamation was complete he set his insatiable and avaricious heart upon Erie, and essayed to compass his designs and effect his purpose of reducing it to possession through the speculative machinery of Wall Street.

It was through this channel that he had obtained Hudson, and in defiance of the scientific maxim that lightning never strikes twice in the same place, he was inspired with full confidence in his ability to "scoop" Erie in the same man-

ner. He tried first to arbitrate and consolidate, but his efforts in that direction failed.

With all his marvellous foresight and almost unerring judgment in speculative affairs, the Commodore was greatly at fault in his calculation regarding the magnitude of the task he had now undertaken in Erie. He had no idea of the immense volume of the stock which, after the speculative battle began to rage, seemed to spring out of the ground, spontaneously, as the reserve troops of Wellington were said to appear to do in the eyes of Napoleon when the struggle waxed warm at Waterloo. He had to contend with the ablest generals in speculation and finance that ever Wall Street had produced. His first bold, flank movement was an attempt to "corner" Drew. He knew how to manipulate the courts almost as well as the Erie Ring did. Accordingly, he made use of the services of Frank Work to obtain an injunction from Judge Barnard, of Tweed Ring notoriety, restraining Drew from the payment of interest on 3½ million bonds, pending an investigation of his accounts as treasurer of Erie. This was followed up in a few days by another application to the court for the treasurer's removal from office.

These measures were resorted to by Vanderbilt to prevent the issue of this stock, into which these 3½ million bonds were convertible, and thus enable him to get a "corner" in the stock with greater facility. He thus attempted to make the court instrumental in forcing Drew into a position where he would be obliged to commit financial suicide.

The Erie Ring had managed to get legally around what in reality was an over-issue of Erie stock and bonds in the following subtle manner:

There was a statute of New York which authorized any railroad to create and issue its own stock in exchange for the stock of any other road under lease to it. The Ring had obtained the Buffalo, Bradford & Pittsburg road, which was comparatively worthless, for carrying out this

scheme. The Erie management then set about supplying themselves with the amount of Erie stock required, by leasing their own road to the road of which they were directors. They then created stock and issued it to themselves in exchange under the authority vested in them by law.

The nominal price of the road with which they worked this game of legerdemain was $250,000. They issued bonds in its name for two millions of dollars, payable to one of themselves as trustee.

Vanderbilt, before he could get a "corner" in Erie, had to place a limit to the issue of the stock. Otherwise he would have been throwing away millions, like pouring water into a sieve, in his attempt to make a "corner."

Drew was enjoined by the Commodore to return to the Treasury 68,000 shares of the capital stock of Erie. This was the amount that was said to remain in the unsettled transactions of the Erie corner of 1866. This was the sword of Damocles which Vanderbilt had suspended over Drew's devoted head.

Vanderbilt thus undertook to play the double game of manipulating the courts and the stock market at the same time, and against wily opponents, who were experts in both operations.

There were at this time three competitors for the possession of Erie in the field. The Drew party, the Vanderbilt party, and the Boston, Hartford and Erie party. Drew had tried to appease Vanderbilt to some extent, and had an interview with him at Vanderbilt's own house prior to the election of the Erie directors. He agreed to "let up" on Vanderbilt, and offered him greater swing in purchasing Erie, while, on the other hand, Vanderbilt consented not to press the proceedings in court against Drew.

Before this, the Boston party and Vanderbilt had been fixing matters to oust Drew from the Erie directory. Now, Vanderbilt changed his tactics, and resolved to let Drew remain. The Boston party was with him, but to keep

up the appearance of what had been formerly determined, the new board was to be elected ostensibly without Drew, and a vacancy created afterwards by which he could be chosen in the board. This method of whipping the Devil around the stump was adopted to put public opinion off its guard, and help to forward Vanderbilt's purposes of consolidation. The election scheme was successfully effected, but the ruse, though well conceived, fell far short of accomplishing its designs.

There were wheels within wheels during this speculative deal. Drew and Vanderbilt entered into a secret alliance to exclude the Boston party, who was Vanderbilt's ally. The new board was elected, leaving Drew out. This was a surprise to Wall Street, but a greater surprise was in store for it when a vacancy was created the next day, and Drew was re-elected to the Erie Board of Directors. The Street was confused and confounded, and at a loss to know how to act, and the Boston party was groping around to find out where it stood. Frank Work was elected to the Erie Board in the Vanderbilt interest. A pool was then formed to put up Erie, as it was in a very depressed condition. Drew was to manage the pool and manipulate the market.

The proposed plan for consolidating with the Vanderbilt interests failed because the Erie people said that the great railroad king would only consent to give them one-third of the earnings, while they contributed more than half to the pool. So, when this scheme collapsed, Vanderbilt went on the speculative war path, and determined to snatch Erie from the hands of the Ring in the way he had obtained Hudson. He began his operations about the middle of February, 1868, and pursued his policy in the courts for the purpose of limiting the apparently unlimited supply of Erie stock.

In the leasing process above referred to with the Buffalo, Bradford & Pittsburgh, the Erie clique added $140,000 a year to its income.

Mr. Work got an additional injunction to prevent Erie from issuing stock in addition to the 251,058 shares which had appeared in the previous report of the road, and forbidding a guarantee by Erie of the bonds of any other road, and Drew was further restrained from any transactions in Erie until he should return the 68,000 shares of capital stock to the treasury.

It will thus be seen that Vanderbilt had taken very rigid measures to "tie up" the hands of the veteran speculator.

The case was set down for hearing in the court of the immaculate Judge Barnard, on the 10th of March. When Vanderbilt thought he had everything fixed to force Drew to ruin himself by the return of these shares, which would enable Vanderbilt to effect his "corner," he was checkmated by a counter injunction issued in the interest of the Erie people by Judge Balcom, of Binghamton, which stayed all proceedings in Barnard's court.

Richard Schell then applied to Judge Ingraham and got out another injunction in the interest of the Vanderbilt party, staying all proceedings before Judge Balcom.

In the meantime the Erie directors were busy preparing their new issue of stock, despite the injunctions, in order that the bulls of the Vanderbilt party might be generously fed with Erie when the opportunity should arrive.

The Executive Committee of Erie resolved to issue bonds for improvements, extensions and steel rails. The bonds were convertible into stock at not less than 72½. Five millions of these were manufactured by the Erie paper mill and printing press, to be exchanged for Vanderbilt's good, solid cash.

A great difficulty presented itself at this juncture, which, even to the majority of clever speculators, would have been insurmountable. The genius of "Jim" Fisk was called in to cut the Gordian knot. The certificates of the new Erie shares were in the hands of the secretary of the company, but he was enjoined from issuing them. They had been

made out on Saturday night. On Monday the secretary directed a messenger, in the Erie office in West street, to take the books containing the certificates to the tranfer office in Pine street. The messenger took the books and walked out. He was hardly a minute absent when he returned, apparently frightened, without the books. He stated that Mr. Fisk, who had been standing at the door, took the books from him, and ran away with them!

The certificates were then where no injunction could molest them. The next day the convertible bonds were found upon the secretary's desk. In a day or two afterwards the certificates appeared in Wall Street. An order was obtained from Judge Gilbert enjoining all the previous orders of that legal luminary, Judge Barnard. Mr. Drew then threw 50,000 shares of Erie stock on the market. The boldness of the operation threw the Vanderbilt brokers off their guard, for it never struck them for a moment that Drew would risk contempt of court, and use the new issue of Erie in the face of an injunction, so they eagerly devoured the fresh bait before they got time to examine the quality of it or suspect its origin.

Erie had opened at 80, and advanced to 83. When the facts became known the stock broke, and declined to 71; but under heavy purchases by the Vanderbilt party, soon recovered to 78. The "corner," however, was broken by the large blocks which Drew had thrown on the market, and Vanderbilt was signally defeated, and had a narrow escape from being completely swamped. The corner proved a boomerang to Vanderbilt. In his wrath he again applied to the courts. As the result, the Erie clique were obliged to fly and take refuge in Jersey City. Drew crossed the ferry heavily loaded with a big carpet bag, which contained seven millions, which had recently changed hands from Vanderbilt to himself in the cornering operation.

Gould and Fisk decamped by different routes. When the party had taken refuge in "Fort" Taylor (Taylor's Hotel),

safe from the laws of New York, they determined that no papers should be served upon them, and gave strict orders to the host that they would not receive anything in the shape of letters or notes. Communications of all kinds were prohibited except through persons well known to the clique, and the waiters at the hotel were strictly enjoined to observe this rule, on pain of being discharged.

While Vanderbilt was working hard to reach the refugees through the courts, the Legislature and his detectives, he discovered a method of communicating with Drew in spite of the precautions with which the latter was surrounded. The Commodore's scheme would have done honor to a first-class Nihilist of the present day. He instructed a person in his service to play temporary detective, to go to the Taylor Hotel in the garb of a commercial traveler from the Far West, and to watch the movements of Drew, so as to get a note slipped into his hand in a way that he would be certain to read it.

The amateur detective watched for a day or two, and saw that his only chance of success was when Drew was at lunch, and that the person who waited on him must hand him the note. He saw the waiter, and told him what he wanted, and that when he should be discharged the Commodore would find him a better place.

The waiter agreed to hand Mr. Drew the note. Drew was enraged, sent for the host, and the waiter was instantly discharged, only to enter Vanderbilt's service, according to agreement, at much higher remuneration. The note of the Commodore, however, had the desired effect. What that note contained, probably, nobody but Vanderbilt and Drew ever knew. Though the friends of Drew attempted to frighten him from going by arousing his suspicions of being kidnapped, he came over to New York on the following Sunday and had an interview with the Commodore. The matter was fixed up between them, and while Gould and Fisk were fighting Vanderbilt tooth and nail at Albany, and Gould

was arrested and arraigned for contempt of court and other high crimes and misdemeanors in the eyes of the Vanderbilt lawyers, Drew was left unmolested to pursue the even tenor of his way.

As treasurer of Erie, however, Drew took an active part in the progress of legislative matters. He was the first to see that Senator Mattoon, who was chiefly instrumental in organizing the Investigating Committee, wanted tangible recognition of his services before the Committee made its report. He thought he was using Mattoon, but the Senator used him, and gave his casting vote in favor of Vanderbilt, whom he used also, after the most approved method of Albany legislators. Mattoon was also found on the winning side at the end of the legislative farce, when the bill in favor of the Erie clique and its over-issue of stock was passed, and no doubt got his fair share of the half million with which Drew fortified Gould from the Erie treasury when this gentleman went to Albany to conduct the war in the Legislature against Vanderbilt concerning the extra issue of Erie stock.

CHAPTER XVI.

DREW AND THE ERIE "CORNERS."

A HARMONIOUS UNDERSTANDING WITH THE COMMODORE.—HOW THE COMPROMISE WAS EFFECTED.—AN INTERESTING INTERVIEW WITH FISK AND GOULD IN THE COMMODORE'S BED-ROOM.—HOW RICHARD SCHELL RAISED THE WIND FOR THE COMMODORE.—DREW'S SHARE OF THE SPOILS.—HE TRIES TO RETIRE FROM WALL STREET, BUT CAN'T.—THE SETTLEMENT COST ERIE NINE MILLIONS.—GOULD AND FISK "WATER" ERIE AGAIN, TO THE EXTENT OF TWENTY-THREE MILLIONS, BUT LEAVE DREW OUT.—"UNCLE DANIEL" RETURNS TO THE STREET.—HE IS INVEIGLED INTO A BLIND POOL BY GOULD AND FISK, LOSES A MILLION AND RETREATS FROM THE POOL.—HE THEN OPERATES ALONE ON THE "SHORT" SIDE AND THROWS AWAY MILLIONS.—HE TRIES PRAYER, BUT IT "AVAILETH NOT."—"IT'S NO USE, BROTHER, THE MARKET STILL GOES UP."—PRAYING AND WATCHING THE TICKER.—HOPELESSLY "CORNERED" AND RUINED BY HIS FORMER PUPILS AND PARTNERS.

ABOUT the middle of April Drew emerged from his retreat in Jersey City, and appeared openly in Wall Street, apparently without any fear of arrest. Other members of the Erie clique had gone through the formality of purging their contempt of court, but had not made their peace with the Commodore, and things went forward without any special interruption or excitement until July, when a settlement was made with Vanderbilt.

It was agreed that the Commodore should be relieved of 50,000 shares of Erie stock at 70, for which he was to receive $2,500,000 in cash, and $1,250,000 in bonds of the Boston, Hartford & Erie at 80. It was further stipulated that he was to receive $1,000,000 for the privilege of calling on him at any time within four months for the remaining 50,000 shares of Erie at 70. He was allotted two seats in

the Erie Board of Directors. All suits between the two high contending parties were to be dismissed and all offenses whatsoever relating to the case, in the language of the law, were to be condoned.

The manner in which the compromise was effected is not the least interesting part of the famous deal in Erie. Some time after Drew had got through his famous Sunday evening interview with the Commodore, paving the way for his partners, by weeping and showing other manifestations of deep contrition on account of his inglorious flight to Jersey City, Gould and Fisk came over early one morning to see the Commodore at his residence in Washington Place. Fisk told the story of meeting the Commodore with great unction, in his bold, brazen and lively manner. "Gould wanted to wait," said Fisk, "until the Commodore should have time to get out of bed, but I rang the bell, and when the door was opened I rushed up to his room. The Commodore was sitting on the side of the bed with one shoe off and one shoe on. He got up, and I saw him putting on the other shoe. I remember that shoe from its peculiarity. It had four buckles on it. I had never seen shoes with buckles in that manner before, and I thought, if these sort of men always wear that sort of shoe, I might want a pair. He said I must take my position as I found it; that there I was, and he would keep his bloodhounds (the lawyers) on our track; that he would be damned if he didn't keep them after us if we didn't take the stock off his hands. I told him that if I had my way, I'd be damned if I would take a share of it; that he brought the punishment on himself and he deserved it. This mellowed him down. I told him that he was a robber. He said the suits would never be withdrawn till he was settled with. I said (after settling with him) that it was an almighty robbery; that we had sold ourselves to the Devil, and that Gould felt just the same as I did."

Among the friends who adhered to the Commodore in the trying hour of the "corner," besides those mentioned, were

William Heath, Richard Schell and his brother Augustus, and Rufus Hatch. Richard Schell was highly practical and remarkably shrewd in the aid which he offered the Commodore to obtain money for the speculative fight. He managed, through his tact and shrewdness, to get loans on Erie after the banks had absolutely refused to lend, on account of the over-issue of the stock. After this refusal, he made inquiry at the banks, and found that most of them had New York Central stock. He then went to a bank and said: "If you don't lend the Commodore half a million on Erie at 50, he will put Central down to 50 to-morrow, and break half the houses on the Street. You know whether or not you will be among them."

The threat was repeated at other banks, and, in almost every instance, had the desired effect, and the Commodore was supplied with the sinews of war, but he was only throwing away his ammunition.

The Erie stock from the inexhaustible fountain of over-issue was supplied to him without stint, and his attempts to "corner" the clique were absolutely futile.

While these gamesters were feeding the Commodore with this extemporized stuff to order, Fisk said: "If this printing press don't break down, I'll be d——d if I don't give the old hog all he wants of Erie."

The printing press did not break down, but did its work well until the Commodore was nearly "burst," and had it not been for his indomitable courage and the hold he had acquired on the courts, he would have been bankrupt. His escape seemed almost a miracle to the people of Wall Street, and Gould and Fisk were not less surprised that they had met a foeman worthy of their steel. In spite of the fact that he spilled over seven millions like water, the Commodore managed to sustain the market through it all, and prevented a crash that, in its local effects, at least, would have been as disastrous as that of Black Friday.

Certain innocent holders who had been badly crushed in

the collision between the great leaders received a financial emollient for their lacerated feelings, amounting in the aggregate to $429,250. The Boston party, represented by Mr. Eldridge, was to be relieved of five millions of its precious Boston, Hartford & Erie bonds, receiving therefor four millions of Erie acceptances.

Thus, the settlement in full cost Erie about nine million dollars. The Erie stock and bondholders were saddled with this liability in defiance of law and justice.

Gould and Fisk pretended to be opposed to the settlement, leaving the public to infer that it was all the work of Drew with Vanderbilt. However this may have been, it was probably the best thing the others could have done to relieve themselves of their various complications at the time. No doubt the Vanderbilt note to Drew, for which the waiter was discharged from Taylor's Hotel, was at the bottom of the whole settlement.

Drew was left to enjoy his share of the fruits of the "corner," which netted seven millions, except that he had to pay into the Erie treasury the trifling item of $540,000 in discharge of interest and all claims or causes of action which might be presented against him by the Erie Company. The Erie Railway fell to the lot of Gould and Fisk as their share of the spoils growing out of the *entente cordiale*.

Drew then retired from Wall Street in the same way that Gould has so often retired since that time, except that Drew had probably an honest intention so far as it was possible for him to have such a conception of leaving the Street forever, but it would seem that he had not the power to do so. Once in Wall Street, always in Wall Street. It is like the doctrine of the final perseverance of the saints, as laid down in the Westminster Confession of Faith. It is impossible to get out of it when the speculator gets fairly into its fascinating grasp.

Drew might have enjoyed life and the consolations of religion on the few millions he had left if he had retired, in

company with his Bible and Hymn Book, to some lovely, secluded spot in the peaceful vales of Putnam county; but he was under the infatuation of some latent and mysterious force or attraction, the victim of some potent spell, like the one in whose weird grasp Nancy Sykes was firmly held when she essayed to get away from the murderous "Bill," as described by Dickens in Oliver Twist.

Drew came back to Wall Street, and saw and was vanquished, quite unlike Cæsar.

When he returned to the "Street" after a few months absence, the scene was greatly changed. His two pupils had shown themselves to be such apt scholars, that in the interim they had exceeded the wildest dreams of avarice that ever their able preceptor had conjured up or inculcated. In four months Gould and Fisk had inflated the capital stock of Erie from 34 millions to 57 millions. No doubt, Uncle Daniel was astounded at their progress, and his feelings can be better imagined than described when, in the presence of this marvellous increase of wealth, he reflected that he was no longer treasurer of Erie, and had neither lot nor part in its unprecedented prosperity.

His natural propensity to operate, however, was still strong, but when he again tried his hand at speculation, it seemed to have lost its cunning, and he felt almost as much disappointed as Rip Van Winkle did when he awoke in Sleepy Hollow, after his twenty years' nap, and began to examine the changed aspect of the country in the vicinity of Irvington, now Gould's country seat.

The speculative tactics in operation had been changed, and he soon found that it was a losing game to go on the bear side of the market. He was invited into the pool by his old partners, to have a little practice at the popular game of spider and fly. Drew had been the spider for a long time who had inveigled the unwary flies from every direction into his insidious net. He was now asked to assume the role of a fly, while his former pupils played spiders. In

plain terms, he was coolly requested to go into a "blind pool" in Erie, deposit four millions, shut his eyes and open his mouth, leaving the Erie sharpers to put taffy or candy into it, just as they pleased.

He was no longer to have the privilege of pulling the wires, nor the wool over other people's eyes. On the contrary, he was to be one of the puppets that should dance to the music of Gould and Fisk, and let them pull the wool over his eyes. He was not to ask any questions, but pay his money and take his choice, that is to say, whatever Gould and Fisk chose to give him. The terms were rather humiliating, and on reflection, Uncle Daniel revolted. He did not see the point of paying the piper without having the privilege of choosing the tune. He, therefore, withdrew his funds after losing a million, and undertook the task of bearding these two young lions in their den—the den which he had constructed for them, and the two young lions which he had so carefully nurtured to destroy him. They were very wroth with him on account of what they regarded as his treachery, which virtually consisted in his refusal to be totally devoured by them. The fact is, however, Daniel could not have been true to any one, any more than they. "Can the Ethiopian change his skin, or the leopard his spots?"

After considering the matter prayerfully, as he always did in such emergencies, he resolved to operate alone, and the oracle told him to go on the short side. It was evident that the Gods had doomed him to destruction, so he rushed in madly to sell the market, which moved persistently upward.

In this emergency he took counsel of a Christian brother, who advised him to pray. He tried hard to pray, but his irresistible desire to keep constant watch on the tape of the ticker, to see the quotations, evidently distracted his devotions. This was probably the first time that he lost faith in the power that moves the arm that moves the world. He

went to his Christian brother with tears in his eyes, saying: "It is no use, brother; the market still goes up." And Uncle Daniel ceased to pray, and despairingly fixed his attention on the ticker.

During November, Drew contracted for the delivery of 70,000 shares of Erie at current prices. It was then in the vicinity of 38. He proceeded on this line of operation until he was hopelessly "cornered." He then applied to the court. Application was made for an injunction in the name of August Belmont, but Gould and Fisk offset it by applying for another injunction to their faithful Barnard. That upright Judge not only granted an injunction restraining all suits brought against his two eminent protegés, but appointed Gould Receiver of Erie. He also gave authority to the directors of Erie to use the funds of the corporation to purchase and cancel 200,000 shares of stock, the legality of whose issue had been questioned, at any price less than the par value, without regard to the rate at which it had been issued.

Gould and Fisk had issued these shares in the bear interest at 40, ran the stock down to 35, and now obtained the power to purchase it back at par in the bull interest. This they did by the authority and permission of a Judge of the Supreme Court, in spite of the law prohibiting members of corporations to deal in their own stock. So these two great manipulators "cornered" their old friend and teacher, Drew, by legally over-riding the law

Erie became scarce after this skilful movement was performed, and was selling at 47. Drew made desperate attempts to cover at this price, but the stock ran up to 57 between Monday and Wednesday. Wall Street was in a terrible ferment, and, as the newspapers say, the greatest excitement prevailed. Erie made still another leap and reached 62. It was evident that it was bound to keep on the upward grade, and there was no apparent relief for Drew, at least for two or three days, when an incoming

steamer was expected to have a considerable amount of Erie on board. It was manifest, however, that by that time Drew would have reached the end of his millions, and probably most of his credit would have vanished with his own filthy lucre. His oppressors were bearing down upon him with all their might, and were evidently determined to make short work of him.

The struggle waxed hotter as the hour of three in the afternoon approached, and these two young lions of speculation were determined to crush the old bear unmercifully and effectually.

When Drew was apparently on the very brink of utter financial destruction, and almost at the close of the market, two events happened that preserved him from total annihilation. There had been 300,000 shares of Erie issued in ten share lots, which the operators thought were safely secreted in London and Amsterdam. When the stock reached 60 these ten-share lots began to come out. It turned out that most of them had never left home, but were securely held by tradesmen, mechanics, grocers and small bankers and brokers. They were thrown on the market with great rapidity to realize handsome profits, and the efforts of the clique to absorb them before they got into the hands of Drew, made serious inroads on the reserve funds of the champion operators. As troubles never come singly, at this new juncture the banks refused to certify their checks. Drew was, therefore, enabled to make good his contracts at 47, but speculatively speaking, he was ruined. He came pretty near bringing down his desperate assailants, however, in his sad and frightful fall. The stock then fell to 42, and Erie became a drug in the market. The victors had got the spoils, but they paid dearly for them, and had come pretty near being destroyed in the moment of their triumph. They had purchased their Erie at "corner" prices, and they were obliged to carry it, for nobody wanted it. Added to this Erie was struck from the Board for a time,

and had it not been for the gullibility of our English cousins, this stock would have ceased to be a disturbing element in the market for a great while longer.

Although old Drew was badly treated, yet there was little sympathy for him, since he had merely become the victim of his own avarice, vacillation, treachery and scheming to catch others in the same net.

He could not justly complain of his former partners, and Fisk told him so, for their methods of operation, and the immense inflation of the Erie stock by which he was ruined had been accomplished by the machinery which he, himself, had set in motion, only his *ci-devant* colleagues had improved upon it, and had received various new patents on inventions and improvements, which they had joined to the old one invented by "Uncle Daniel," making one of the best combinations for the purpose of creating and working "corners" that had ever been devised in Wall Street.

But the unkindest cut of all was the way in which Fisk taunted him, on the eve of his crushing defeat, with the absurdity of his complaints about the management of Erie matters.

"You should be the last man," said this worthy pupil, sneeringly, to his dear old preceptor, "that should whine over any position in which you may be placed in Erie."

It was a sad truth, heartlessly uttered by the generous "Jim." Drew had no mercy on others, and could not expect to be shown any of that "twice blessed quality" towards himself.

The private scene in the Erie office between old Drew and Fisk and Gould, just prior to their final and victorious charge upon him, was deeply pathetic, yet none of the three showed more conspicuously that they were destitute of that proverbial honor among "boodlers" than Drew himself. He had secured Vanderbilt to assist him in the courts, and also in the market, against the machinations of the Erie clique, and then, turning around, he went straight to Gould,

and to him betrayed his ally and the plans he had arranged with him, expecting mercy from his old colleague by this dastardly act of humiliation and deception.

He must have lost his head at this crisis, for he ought to have known Gould better. He begged and pleaded with Gould and Fisk, and was ready to throw himself at their feet. He implored them to join him, with the remnant of his fortune, in giving the old paper mill another turn to grind out more Erie stock, that he might be permitted to emerge from that cruel "corner" in which he was placed like a scorpion girt by fire, brooding over his guilty woes.

But his pupils proved that they had profited only too well by his instructions. Just as he would have acted under similar circumstances, they were perfectly relentless. They seemed to be a double incarnation of Shylock personified, or two Dromios bereft of conscience and human sympathy. Drew had no Daniel but himself, to come to judgment. There was no fair Portia to plead his cause, and if there had been such an angelic creature in the case, though she might have "broke up" Fisk, it is almost certain that Gould would have successfully resisted her charms.

When Drew saw they were implacable he bade them good night, and with the courage of despair returned to the charge in Wall Street the next morning, with the results which have been briefly related. He lost nearly two millions in that fatal struggle.

CHAPTER XVII.

INTERESTING EPISODES IN DREW'S LIFE.

INCIDENTS IN THE EARLY LIFE OF DREW, AND HOW HE BEGAN TO MAKE MONEY.—HE BORROWS MONEY FROM HENRY ASTOR, BUYS CATTLE IN OHIO AND DRIVES THEM OVER THE ALLEGHANY MOUNTAINS UNDER GREAT HARDSHIP AND SUFFERING.—HIS GREAT CAREER AS A STEAMBOAT MAN, AND HIS OPPOSITION TO VANDERBILT.—HIS MARRIAGE AND FAMILY.—HE BUILDS AND ENDOWS RELIGIOUS AND EDUCATIONAL INSTITUTIONS.—RETURNS TO HIS OLD HOME AFTER HIS SPECULATIVE FALL, BUT CAN FIND NO REST SO FAR AWAY FROM WALL STREET.—HIS HOPES, THROUGH WM. H. VANDERBILT, OF ANOTHER START IN LIFE.—HIS BANKRUPTCY, LIABILITIES AND WARDROBE.—HIS SUDDEN BUT PEACEFUL END. — CHARACTERISTIC STORIES OF HIS ECCENTRICITIES.

I HAD intended at first to give only a sketch of the salient points in the speculative career of Drew, but, on reflection, I find that the lives of great men all remind us that people want to know a great deal of minutiæ concerning men who have made their mark in this world. Our enterprising newspapers are encouraging this laudable curiosity more and more every day. So in the case of Drew, I must try to furnish answers to questions that may be asked about him in order that popular expectation may not be disappointed. I shall endeavor to anticipate what the reader may naturally want to know when he comes to the end of Drew's great speculative ventures. One of these questions will probably be, what kind of a boy was Daniel Drew, and how did he begin to make money?

It goes without saying that Drew was the most unique figure that Wall Street has ever seen, and a characteristic specimen of one kind of American thrift, enterprise and speculation. Every side of his many-sided and peculiar character, therefore, is of interest as the representative of a

class to the reader who sets his heart on making money, and the majority of readers have this weakness. He is of special interest to all speculators not only in this country, but throughout the civilized world. These facts constitute my apology for dwelling so long and minutely on his characteristics. I have an idea that his life and adventures will be read with deep interest many years hence, and help to prolong the existence and reputation of this book. They will also assist to immortalize the man who was one of the most wonderful products of American civilization, and who could hardly have been evolved from any other soil or clime. Such prodigies of success cause the members of the older social fabrics to stare with astonishment at the stupendous capabilities of our great country.

There is nothing interests people so much as the start in life, probably because there are so few who consider themselves able to get a good start. So far as I can learn, in the case of Daniel Drew, the boy was father to the man. He worked on a farm, going to school at intervals, where he was unable to learn anything, except that he obtained a notion of the current theological ideas of that day, until he was fifteen years of age, when his father died, leaving him, a younger brother and their mother to shift for themselves on a poor, small farm. His father was of English and his mother of Scotch descent.

In his seventeenth year young Drew enlisted as a substitute in the State Militia, which had then been called into service on account of the second war with England.

The regiment was placed at Fort Gansevoort, on the Hudson, opposite New York. Hostilities ceased between this country and England a few months after his enlistment, and the regiment was mustered out. Daniel returned home. His mother had taken charge of his substitute money, which probably did not exceed a hundred dollars, the amount with which his great rival, Commodore Vanderbilt commenced life, and which he earned from his mother by ploughing and planting a field.

"I want my substitute money," said Drew to his mother, one day shortly after his return. "What are you going to do with it?" queried the old woman, for being of Scotch descent, she was quite as thrifty in looking after the pennies as her American contemporary, old Mrs. Vanderbilt. They both had the gripping sense by nature, and to this transmissible quality may probably be attributed, in a large degree, the financial success of both of their sons.

"I am going to buy cattle, and sell them in New York," replied Daniel.

"Are you sure you will not lose money by it?" rejoined his mother.

"I am sure I will make money," he said.

He started to purchase cattle in the country and to sell them in New York. His profits were at first very small, especially as his capital was so limited. He soon discovered that if he could purchase his cattle in Ohio he would be able to increase his profits largely, and he applied to Henry Astor, a butcher in Fulton Market, and a brother of the great millionaire, John Jacob Astor, for a loan to speculate in Ohio cattle. Astor accommodated him, though he at first thought he was running a considerable risk. He was mistaken, for Drew made money and soon established his credit on a solid basis. He bought cattle throughout Ohio, and drove them over the Alleghany mountains. He is said to have been the first drover who attempted this daring experiment. It required sixty days then to make the journey. He suffered great hardship and privation, and would sometimes lose a third part of a drove of 600 or 1,000 in crossing the mountains. Yet, as cattle were very cheap in Ohio, his profits were still very large.

One terrible night, in a terrific thunderstorm, the tree under which he took shelter was shattered to splinters, his horse was killed under him, and he himself was struck senseless for a time. But no hardship or privation could deter him in the pursuit of making money. He afterwards extended his operations to Kentucky and Illinois.

In 1829 Drew opened a cattle yard at Twenty-fourth street and Third avenue and ran the Bull's Head Tavern. He went into the steamboat business in 1834. Vanderbilt had then been seventeen years in the business. *Westchester* and *Emerald* were the names of his first two boats, and they ran between New York and Albany, in opposition to the Vanderbilt Line. Drew reduced the fare from three dollars to one, and attempted to freeze out Vanderbilt. The war of rates became so fierce that people were carried 100 miles between these two cities for a shilling. Drew added the *Knickerbocker*, the *Oregon*, *George Law*, *Isaac Newton* and the *New World* to his river fleet, and became quite a formidable competitor of the Commodore.

In 1840 Isaac Newton organized the People's Line on the Hudson, of which Drew became the largest stockholder. The boats *St. John*, *Dean Richmond* and *Drew* were built. The *Isaac Newton* was burned and the *New World* was sunk.

When the Hudson River Railroad was opened, in 1852, Drew refused to sell out his stock. "You can regulate your fares as you choose," he said to the President of the Railroad Company, "but the only way you can regulate my steamboat fares is to buy the People's Line, and this I don't believe you have money enough to do." The railroad line merely stimulated traffic, as the elevated railroads have done in our day, and Drew was only a gainer instead of a loser by the apparent competition. He also controlled the Stonington Line for twenty years.

Drew made his debut in Wall Street in 1844, just thirteen years prior to my first appearance on the boards of this financial theatre, and he was quite a war horse in speculation when I entered the arena. He formed a partnership with his son-in-law, a Mr. Kelly, and Nelson Taylor, as stock brokers and bankers. Their business was large and their credit good. The firm continued for ten years, until it was dissolved by the death of his partners. Drew then became one of the most daring and successful operators in Wall Street.

Drew was married at the age of 25 to Roxana Mead, a farmer's daughter, by whom he was the father of three children, William H., Josephine, who died in infancy, and Catharine, who was married to the Rev. W. I. Clapp, a Baptist clergyman, who died and left his widow in good circumstances. So there were very little grounds for "Uncle Daniel's" dread that he should probably die in miserable destitution, as it seems that his two surviving children were very kind to him. His wife died in 1876.

Drew was a member of St. Paul's Methodist Episcopal Church of New York for several years. He contributed large sums to various religious and educational institutions, but like Wilkins Micawber, he usually paid the money in notes, which appeared in the schedule of his liabilities when he had lost his large fortune, and had become bankrupt. He founded the Drew Seminary at Carmel, for young ladies, at a cost of $250,000. He built the Drew Theological Seminary, at Madison, New Jersey, also at a cost of $250,000, and endowed it with a similar amount. He only paid the interest on the latter. He increased the endowment fund of the Wesleyan University, at Middletown, Conn., and the Concord Biblical Institute. He added $100,000 to the endowment fund of Wesley University, but only paid the interest on that also. These appear in the schedule, in the list of his unsecured claims. He owned several large grazing farms in Putnam county, but they were heavily mortgaged.

Drew had some intention of returning to his old home after the bankruptcy proceedings in 1876, to spend the remainder of his days there among his grandchildren. This desire shows that there was something inherently soft and good, after all, in his avaricious nature, and reminds me of the touching lines of Cowper on the same subject:

> "Be it a weakness, it deserves some praise,
> We love the play place of our early days,
> The scene is touching, and the heart is stone,
> That feels not at the sight, and feels at none."

He went out to Putnam county in 1876, when he was sick, but he was soon glad to get back to the city. He said: "I was troubled with visitors, some of 'em well on to 100 years old. Some of them said I bought cattle from them when I was young, on credit, and they wanted their bills. I kept no books, and how was I to know I owed 'em for them critters? It was dull outen thar," he continued, "and yer never can tell till the next day how 'sheers' is gone."

So Uncle Daniel came back and stopped at the Hoffman House, where he could have ready access to the ticker, and kept constantly posted on the price of stocks. His principal broker was Mr. David Groesbeck.

The city still seemed to have certain fascinations for him that the country was unable to afford. He often spoke regretfully, in his latter days, of being too old to retrieve his fortune. He said he longed for rest. Nothing seemed to weigh more heavily upon his mind than his inability to carry out the plans connected with his religious endowments, and he grieved deeply that he had not the means to return to Wall Street that he might have another lucky turn that would enable him to fulfil these religious obligations according to the original intention.

In the bankruptcy schedule his personal property is itemized as follows: watch and chain, $150; sealskin coat, $150; wearing apparel, $100; Bible, hymn books, &c., $130.

Although he was economic in his domestic expenses, he entertained friends liberally, and his house at the southwest corner of Seventeenth street and Union Square was always open to Methodist ministers, free of charge, from all quarters of the world.

Some years prior to his death Mr. Drew gave the following candid, succinct and pathetic account of his embarrassment to a journalist who interviewed him:

"I had been wonderfully blest," said Uncle Daniel, "in money making. I got to be a millionaire before I knowed it hardly. I was always pretty lucky till lately. I didn't

think I could ever lose money extensively. I was ambitious of making a great fortune, like Vanderbilt, and I tried every way I knew, but got caught at last. Besides that, I liked the excitement of making money, and giving it away, and am glad of it. So much has been saved anyhow. Wall Street was a great place for making money, and I could not give up the business when I ought to have done so. Now, I see very clearly what I ought to have done. I ought to have left the Street eight or ten years ago, and paid up what I owed. When I gave $100,000 to this institution and that, I ought to have paid the money, and I ought to have provided better for my children, by giving them enough to make them rich for life. Instead of that I gave my notes, and only paid the interest on 'em, thinking I could do better with the principal myself. One of the hardest things I have had to bear has been the fact that I could not continue to pay the interest on the notes I gave to the schools and churches."

"I gave my son the old homestead," continued Mr. Drew, "and some other small property up in Putnam, where we came from, which I hope will make him independent at least. My daughter married a rich man, and when he died, leaving considerable property to five children, I was made executor of the will. For so great a trust as their property I was obliged to give security, which I did by making over to them this house where we are, and the North River steamboats, the Drew, Dean Richmond, St. John and Chauncey Vibbard. This security makes them whole, and I thank God that breach of trust is not on my conscience. Their mother, my daughter, is, of course, well provided for, through her children and deceased husband. My son's principal business is now in connection with the management of the boats, by which he is getting on very well."

After Drew's great disaster in the Erie "corner," he became a special partner in the firm of Kenyon, Cox & Co., and when this house failed, after the panic of 1873, Uncle Daniel was

compelled to make an assignment. He had been for years on the losing side, having dropped between two and three millions in the Erie "corner" through the machinations of Gould and Fisk. Horace F. Clark and Gould had also cornered him in Northwestern to the tune of $750,000. After the panic he had made an assignment to Wm. L. Scott, of Erie, Pa., but was not legally declared a bankrupt until 1876. His liabilities were $1,074,131.83, and his assets were estimated at $746,499.46.

Like Vanderbilt, Drew kept his accounts in his head, and considered the whole paraphernalia of book-keeping a confounded fraud.

His failure, which at one time would have induced a panic, did not cause a ripple on the surface of speculation. After his discharge in the bankruptcy proceedings, he appeared to pluck up fresh courage, and said, "The boys think I'm played out, but I'll give 'em many a turn and twist yet." He was interested in Toledo & Wabash, Canada Southern, Quicksilver Mining Company and Canton (Land) Company stock.

Wm. H. Vanderbilt, who had received his early financial training as a clerk in Drew's office, still retained a kindly feeling for his old employer, and sometimes gave him "pints" as Drew called them, on which he made a little turn. It was said that Mr. Vanderbilt had intended to give him another start in life about the time Drew passed suddenly over to the majority. He died at 10.45 P. M., September 18, 1879, at the residence of his son, Wm. H. Drew, No. 3 East Forty-second street.

His death came without any prior warning. He had been apparently in his usual health during the day, and had dined with Mr. Darius Lawrence, of Lawrence Brothers, brokers in Broad street, at the Grand Union Hotel, at six o'clock in the evening. After dinner he returned to the house of his son. About nine o'clock he complained of feeling ill, but refused to permit anybody to sit up with him, saying

he would call Mr. Lawrence, who slept in an adjacent room, if he should feel worse. About ten o'clock he went into Mr. Lawrence's apartments and said he felt much worse. Dr. Woodman, his family physician, was immediately summoned, but before his arrival Mr. Drew had expired. The cause of his death was apoplexy.

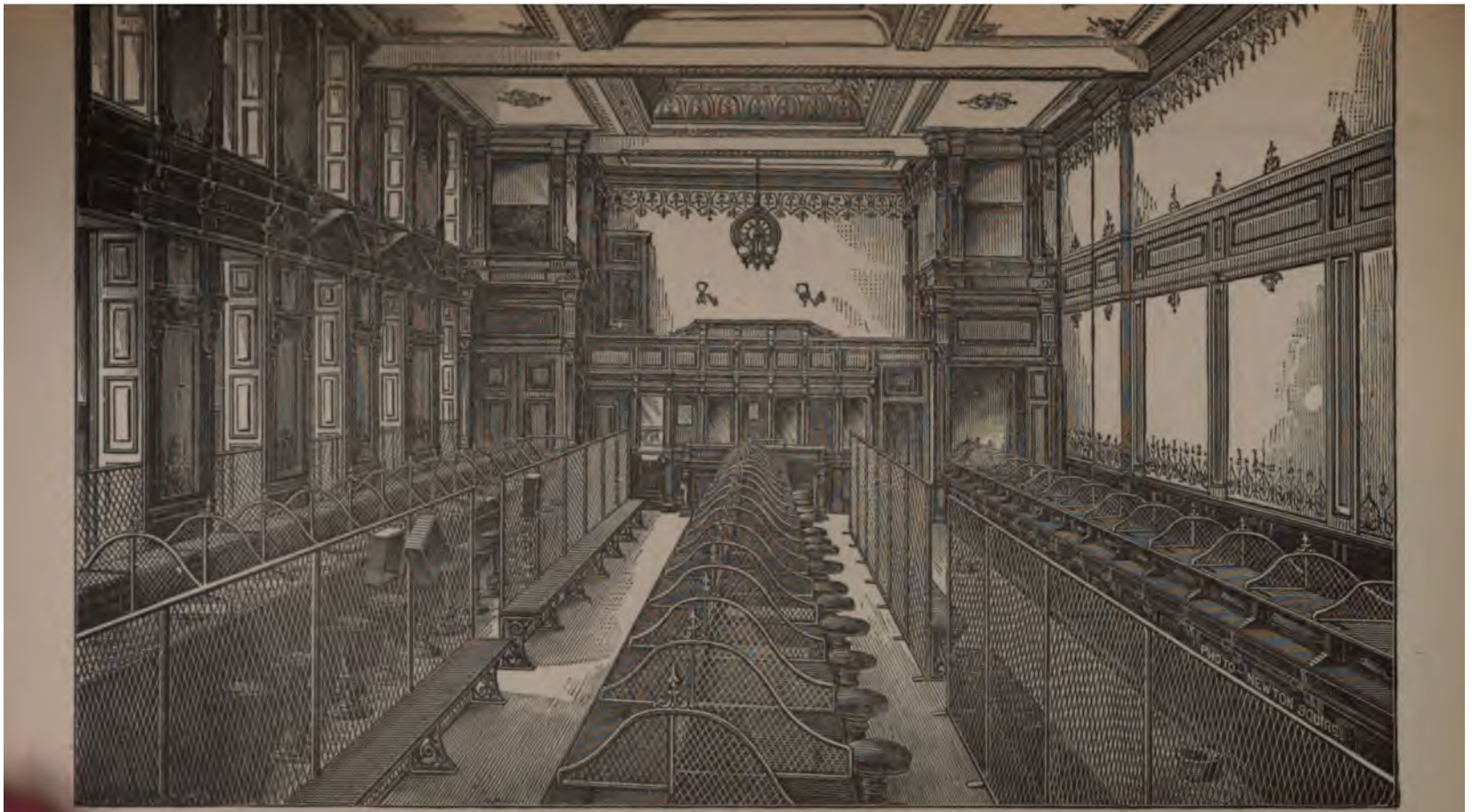
Among the numerous stories related of Uncle Daniel's eccentricities, one is noteworthy in relation to his habit of getting in a mellow mood when prayer failed to soothe him, and covering himself up in bed after any speculative disappointment. He was found in this condition one day at the Sturtevant House, the year in which he died, by two Wall Street acquaintances who called upon him, and were conversant with his peculiar habits. He had all the windows closed, so that the atmosphere in the room was stifling, and was enveloped in several pairs of double blankets. His friends called for a bottle of champagne, of which he refused to partake. When this was drunk they called for another, and left it with him, believing that when he was left alone he might be inclined to imbibe without any feeling of embarrassment.

Another story is related characteristic of Uncle Daniel's methods of making the best use of a secret, and any confidence that a person might foolishly repose in him, in a speculative deal. During the war a young man known as California Parker, who had more money than brains, began to buy Erie in the vicinity of par, and put it up to 120. He went to Drew and told him that he would let him in at fifteen per cent. below the market, if he would only aid him with a little money to carry the price higher. Mr. Drew blandly appeared to entertain the young millionaire's proposition favorably and Parker, on the strength of that, continued the struggle until he had almost reached the end of his California gold. The next morning when he met Drew the latter told him that he was unable to raise the money, and appeared to be grieved at his disappointment. In the

meantime Drew had instructed his brokers to sell Erie "short," knowing that Parker was unable to absorb any more of that precious paper, Erie stock. The market went down, Drew made a "scoop," and Mr. Parker retired from Wall Street a ruined, but a wiser man.

In personal appearance Drew was tall, strong and sinewy, and in his latter days his face was seamed with deep lines, indicating intense thought and worry. He had restless twinkling eyes, with a steady cat-like tread in his gait. His general demeanor was bland, good-natured and insinuating, with affected but well dissembled humility, which was highly calculated to disarm any resentment, and enable him to move smoothly in society among all shades and conditions of men. He has often been mistaken for a country deacon.

So, now, having revived and collated the chief incidents in the chequered career of this great speculative celebrity, I close this sketch with the ardent hope that he may have found that peace beyond the tomb which the ordinary speculator in Wall Street can seldom or never hope to achieve on this side of "that beautiful shore."



CLEARING ROOM OF THE NEW YORK CLEARING HOUSE.

CHAPTER XVIII.

PANICS.—THEIR CAUSES.—HOW FAR PREVENTABLE.

NOT ACCIDENTAL FREAKS OF THE MARKET.—WE ARE STILL A NATION OF PIONEERS.—THE QUESTION OF PANICS PECULIARLY AMERICAN.—VIOLENT OSCILLATIONS IN TRADE OWING TO THE GREAT MASS OF NEW AND IMMATURE UNDERTAKINGS.—UNCERTAINTY ABOUT THE INTRINSIC VALUE OF PROPERTIES.—SUDDEN SHRINKAGE OF RAILROAD PROPERTIES A FRUITFUL CAUSE OF PANICS.—RISKS AND PANICS INSEPARABLE FROM PIONEERING ENTERPRISE.—WE ARE BECOMING LESS DEPENDENT ON THE MONEY MARKETS OF EUROPE.—IN PANICS MUCH DEPENDS UPON THE PRUDENCE AND SELF-CONTROL OF THE MONEY LENDERS.—THE LAW WHICH COMPELS A RESERVE FUND IN THE NATIONAL BANKS IS AT CERTAIN CRISES A PROVOCATIVE OF PANICS.—GEORGE I. SENEY.—JOHN C. ENO.—FERDINAND WARD.—THE CLEARING HOUSE AS A PREVENTIVE OF PANICS.

THERE are few subjects on which there is more loose theorizing than that of the origin and remedy of panics. These crises are commonly spoken of as accidental freaks of the markets, due to antecedent reckless speculations, controlled in their progress by the acts of men and banks who have lost their senses, but quite easily prevented, and as easily cured when they happen.

These are the notions of mere surface observers. They may be in a measure true, when applied to the markets of some of the older countries, whose business moves in long-established grooves and embraces but little of the risk attendant on new enterprises. In France and Germany, for instance, the hazards of business are almost entirely confined to the accidents of political events; and such nations are comparatively exempt from panics due to purely commercial causes. In the United States, panics arise, principally, from causes from which European countries are exempt.

Notwithstanding our immense population and the large measure of well-ordered consolidation that has been effected in our various interests, we are still a nation of pioneers. In every ten years, we now add nearly fifteen millions to our population, which means that each successive decade we are piling up the equivalent of a first-class European state upon our past marvellous accumulation of empire. Inseparable from this unparalleled national growth are great ventures and great commercial and financial risks. Our new population has to subdue new territory. New lands have to be cleared; new mines have to be opened; new industries have to be established; new railroads have to be built; new banks created and new corporations founded. These new ventures are necessarily in a measure experimental. Some of them fail utterly; others succeed magnificently. They require large outlays of capital in advance of obtainable results. These outlays are, in many cases, met by borrowing; the loans being secured by liens upon the uncertain undertakings, and therefore lacking the stability of value that attaches to well developed investments.

We have thus a ceaseless stream of new issues of stocks, mortgages and commercial paper, and have, therefore, at all times outstanding a large amount of obligations which, from the uncertainty of their basis, are liable to wide fluctuations in value. Besides these absolutely new investments, we have also at all times an equal or larger amount of obligations issued against enterprises which, although not properly new, are still in an unconsolidated and experimental stage, and the value of which is, therefore, subject to wide fluctuations Issues of this character naturally appeal to the adventurous instincts of our people and elicit a vast extent of speculative activity.

It is this peculiarity in the development and trade of the United States that renders our markets more exposed to panic than those of any other nation, and which makes the question of panics a peculiarly American one. In any and

every commercial nation, trade is subject to regular successions of prosperity and depression. This oscillation results from, or constitutes a natural law.

The action of commerce, like the motion of the sea or the atmosphere, follows an undulatory line. First comes an ascending wave of activity and rising prices; next, when prices have risen to a point that checks demand, comes a period of hesitation and caution; then, care among lenders and discounters; then comes the descending movement, in which holders simultaneously endeavor to realize, thereby accelerating a general fall in prices. Credit then becomes more sensitive and is contracted; transactions are diminished; losses are incurred through the depreciation of property, and finally the ordeal becomes so severe to the debtor class that forcible liquidation has to be adopted, and insolvent firms and institutions must be wound up. This process is a periodical experience in every country; and the extent of the destructiveness of the crisis that attends it depends chiefly on the steadiness and conservatism of the business methods in each particular community affected. In addition to this ordinary and, I would even say, *natural* liability to commercial crises with a greater or lesser degree of panic, we, in the United States, have to stand the far more violent oscillations so inseparable from our great mass of new and immature undertakings.

In times of crisis, the obligations issued against such enterprises suffer instantly from the uncertainty about their intrinsic value. Holders are anxious to get rid of them; banks which have advanced money on them, call in their advances; and they become virtually unavailable assets. Every panic that has happened since the beginning of the era of railroads in this country, has been intensified many-fold by the sudden shrinkage in the value of this class of assets; and it is precisely here that the aggravation and the chief danger of an American panic centres.

In view of these facts, what is the use of discussing the

possibility of averting our periodic panics? Risks and panics are inseparable from our vast pioneering enterprise; and all we can hope is, that they may diminish in severity in proportion as our older and more consolidated interests afford an increasing power of resistance to their operation. I am disposed to think that, in the future, the counteraction from this source will be much more effective than it has been in the past. The accumulations of financial resource available for market purposes at our monetary centres are increasing at a very rapid rate. Evidence of this is seen in the fact that, while the magnitude of our corporate undertakings is augmenting every year, we are also every year becoming less dependent on the money markets of Europe, and our large corporate loans are now made principally at home. These accumulations afford elasticity to our financial system and serve as a buffer against the violence of great financial disturbances.

I do not see how we can in any other way satisfactorily explain how it is that, while we have had two distinct waves of commercial depression since the great crisis of 1873, such as have ordinarily been attended with more or less panic, we have had no disturbance that can be regarded as a fully developed panic. The only approach to it was the disturbance brought about by the Grant & Ward failure in May, 1884, which was merely a restricted and comparatively temporary affair.

But, whilst maintaining that panics cannot be avoided in a country situated as ours is in its present incomplete development, I cannot avoid expressing the opinion that conditions are permitted to exist which needlessly aggravate the perils of these upheavals when they do occur. In every panic very much depends upon the prudence and self-control of the money lenders. If they lose their heads and indiscriminately refuse to lend, or lend only to the few unquestionably strong borrowers, the worst forms of panic ensue; if they accommodate to their fullest ability the larger and reasonably safe

class of borrowers, then the latter may be relied upon to protect those whom the banks reject, and thus the mischief may be kept within legitimate bounds. Everything depends upon rashness being held in check by an assurance that deserving debtors will be protected. This is tantamount to saying that all depends on the calmness and wisdom of the banks. They may easily mitigate or aggravate the severity of the crisis, according as they are prudently liberal or blindly selfish. It is, perhaps, safe to say, that the banks never do all they may; but the banks of this city must be credited with having shown great sagacity under repeated derangements of this kind within the last twenty-five years. They have largely succeeded in combining self-protection with the protection of their customers; and the antecedents they have established will go far toward breaking the force of any future panic.

But, unfortunately, the law imposes restraints upon the national banks which seriously interfere with the wise discretion of those institution. As the law now stands, the banks are liable to be wound up at the order of the Government if they permit their lawful money reserves to fall below 25 per cent. of their legal deposits. This establishes a "dead line" which is so dreaded when approached that it becomes almost a panic line. When that limit is reached, the banks are compelled to contract their loans; and, in certain conditions, the contraction of loans means forcible liquidation, without regard to consequences. Thus the very contrivance designed to protect the banks becomes a source of most serious danger to their customers and therefore to the banks themselves; and, in times of monetary pressure, it is the most direct provocative of panic. Were the banks allowed to use their reserves under such circumstances, a fund would be provided for mitigating the force of the crisis, and the danger might be gradually tided over; but, as it is, the banks can legally do little or nothing to avert panic; on the contrary, the law compels them to

take a course which precipitates it; and when the crash has come, they have to unite in common cause to disregard the law and do what they can to repair the catastrophe that a preposterous enactment has helped to bring about. This is one of not a few unwise restrictions upon our national banks which needs to be stricken from the statute book. These periods of the breaking-down of unsound enterprises and of the weeding out of insolvent debtors and of liquidation of bad debts can never be wholly averted; nor is it desirable that they should, for they are essential to the maintenance of a sound and wholesome condition of business; but it is a grave reproach to our legislators if, when the day of purgation comes, the law treats the deserving and the undeserving with equal severity.

George I. Seney.

The most prominent characters in the short lived panic of 1884, as every observing person knows, were Ferdinand Ward, James D Fish and a few others who acted minor parts in connection with the methods of financiering which precipitated the crisis in Wall Street.

There are many people who think that Ward—the Young Napoleon of finance, as he was popularly called—was able to dupe everybody, his accomplices included, and that he was chiefly responsible for all the trouble But this is an exaggerated and unscientific view of the case.

Among the financiers who came to grief in the general embarrassment caused by the peculiar methods of the two financiers referred to, was George I. Seney. Seney gave his money away, and it was placed in the wrong quarters for any tangible return. He was a great patron of the churches and religious institutions. If he had studied the life of Daniel Drew, he might have discovered that investments in such enterprises as these were not particularly profitable. In his financial difficulties, Seney was

left high and dry without friends who would come to his rescue. The result was, that the two financial institutions, the Metropolitan Bank and the Brooklyn bank with which he was thoroughly identified, had to go under as the result of Mr. Seney's misfortunes. And an insurance company in Brooklyn, which had loaned about all of its surplus to Mr. Seney, taking Metropolitan Bank stock as collateral, was swamped as well.

There are few of the speculative magnates who succumbed to the crash of 1884, whose financial histories are more interesting than that of Mr. Seney. He is the son of a Methodist minister, and was born at Astoria, Long Island, about sixty years ago. He has always manifested the deepest devotion to his paternal church, and in the very height of his prosperity the church was the first object of his financial care. He was educated at the University of the City of New York, and shortly after he graduated, and when about 22 years of age, entered the Metropolitan Bank as a clerk. He was afterwards teller and then cashier. This was when Mr. Williams was President and when Mr. Jacques was Vice-President. Mr. Jacques resigned that position several years ago and made a prolonged journey to Europe. Mr. Williams died a few years ago, and Mr. Seney became his successor as President of the bank.

Mr. Seney's wonderful financial abilities were a comparatively recent outgrowth of his mental evolution, at an age when very few men exhibit signs of new developments.

Up to a date shortly prior to the panic, he was generally regarded as slow and phlegmatic, without manifesting any special parts that indicated superior brilliancy as a financier. He first distinguished himself in Wall Street during the speculative furore of 1879, and came to the front then with sudden and surprising activity. He carved out an original course for himself in speculation—so original, in fact, as to stamp the enterprises with which he became identified with his name. The Seney properties became almost as familiar

to the financial world as the Goulds, the Vanderbilts and the Villards.

Mr. Seney's chief securities (so called through the courtesy of speculative parlance) were Ohio Central, Rochester and Pittsburgh, East Tennessee, Virginia & Georgia, and the celebrated "Nickel Plate" Road. These were known as the Seney Syndicate properties, and the system of handling them was entirely novel in the history of Wall Street, causing the financial veterans of Wall Street to stand and stare at the boldness and rapidity of the Seney movements.

Instead of starting with moderate issues in amount, as has usually been the custom of most men handling railroad and telegraph properties, and doing the watering process by degrees, Mr. Seney boldly began the watering at the very inception of the enterprise, pouring it in lavishly and without stint. There was nothing mean or niggardly about his method of free dilution, the sight of which threw some of the old operators into a fit of consternation. The stocks were strongly puffed, and as they were so thoroughly diluted their owners could afford to let them get a start at a very low figure. The future prospects of the properties were set forth in the most glowing colors, the public took the bait, and the stocks became at once conspicuous among the leading active fancies of the market.

The cause of the vigorous life and amazing activity so suddenly imparted to the stocks of the Seney Syndicate can only be revealed by a careful perusal of Mr. Seney's check-book, which, if still in existence, will show commissions paid for the execution of the orders to buy and the orders executed to sell, both by the same pen and in the same handwriting.

These transactions, in the language of the "Street," are called washed sales. In this way Mr. Seney was understood to have made a very large amount of money, and from being almost one of the poorest men in Brooklyn, he soon became

marked as the richest. While he continued to thrive it was a singular fact that the majority of his financial friends seemed to fall into a decline.

When the affairs of the Seney enterprise were wound up, it was discovered that these people had little left except the certificates which bore the high-sounding term of the Seney Syndicate Property.

One peculiarity about Mr. Seney in his social relations was, that while he appeared almost bereft of sympathy for used-up friends whom his schemes had ruined, he drew largely on his immense gains for philanthropic purposes, and in the aggregate must have distributed over $2,000,000 in a very magnanimous manner.

It would seem that Mr. Seney at one time aspired to be a great philanthropist, and had it not been for the unfortunate exposè which was the result of the panic, he might one day have stood in as high and lordly a position as the renowned Peabody, with even a greater reputation as a financier. It is sad to picture the contrast presented by the *denouement* with what might have been, in a career which began with so much promise, dating from the time that Mr. Seney was installed as President of the Metropolitan Bank, whose standing and credit were the highest in the State.

Mr. Seney's speculative career affords an example of the way in which this kind of speculation reflects on the stability of our best banking institutions. The lesson is one that should be carefully taken to heart by the financiers of this country.

It is due, however, to Mr. Seney to state that he alone was not responsible for the misfortunes of the Metropolitan Bank, although he was the ruling spirit; for it could hardly be possible that the directors of that institution could have been ignorant of its affairs in connection with the Seney speculations. The Metropolitan Bank cannot be compared with the Marine Bank, which met a similar misfortune, for

it was no family affair, and Mr. Seney had none of his relatives connected with it, as Mr. Fish had with the Marine Bank.

It appears that it was chiefly owing to the fact that Mr. Seney had so little personal interest in the Metropolitan Bank that he was so anxious to gut the concern, knowing that the loss would fall upon others.

The most important point for speculators and investors, however, connected with the enterprises of these men is, that the terrible shrinkage of Stock Exchange values at the time, amounting to over $1,000,000,000, was in a large measure brought about by a foregone conclusion on the part of the sagacious bear cliques that disaster would sooner or later overtake the institutions over which Mr. Seney and Mr. Fish presided.

This should afford a wholesome lesson, through the medium of practical experience, to speculators and investors for all future time. For this very reason the facts are worthy of being put on permanent record as a reminder and a guide, particularly to Wall Street men, who are too often prone to forget the past and thus leave themselves liable to be caught in a similar net again.

The transactions of the four prominent speculators who played the most conspicuous part in the events which resulted in the panic of May, 1884, should be preserved for reference, as a guide when similar cases arise, for in spite of the deep disgrace, shame and misery that have followed in the wake of their enterprises, these men will have hosts of imitators for many years to come. Ward, Fish, Seney and Eno, with probably the one exception, Fish, are, by many, considered smart men, who simply had the misfortune to become involved, but who had a fair chance of coming out of all their troubles, great millionaires and publicly honored for their ability and success.

It must be admitted that there are some examples in the financial world whose careers will fully support this theory

and belief, but they are the exceptions which only prove the rule in speculation, as in other lines of business, that "honesty is the best policy." These men, who have been apparently so successful through dishonest methods, are never free from dread of being tripped up at any period of their inflated prosperity. They are always subject to be called upon by the application of the stern methods of honest financiering to give an account of their stewardship, and to have the transactions of a lifetime eventually gauged by the standard of public honesty. It is the winding up that tells the tale, and exposes the duplicity of the ablest financiers, who vainly imagine that dishonest methods will always prevail.

JOHN C. ENO.

Of the four famous "financiers" mentioned who were most prominent in the Summer panic of 1884, the speculative history of John C. Eno was in some respects the most remarkable and most interesting.

Eno was a young man, not more than twenty-six years of age, and a representative of that class of ardent and youthful speculators who plunge into the market with all the recklessness incident to young and sanguine imaginations, with many roseate schemes of wealth and greatness, for which inexperienced youth is proverbial. Eno was a victim of that rashness, impulsiveness and desire for extravagance, by which the possessors of these attributes frequently get themselves and many of their associates embroiled in numerous difficulties and embarrassments.

Another point of interest in the curious career of Eno was his position as President of the Second National Bank of New York, up to the time of the panic. Seldom does it fall to the lot of a youth of his tender years to have conferred upon him a position of such responsibility and dignity. The manner in which he made use of this position of trust, for appropriating money which did not belong to him, was notable for its peculiar ingenuity.

Most of the money lent by the bank was upon collateral securities, which, for convenience, as well as for safety, were kept, not at the bank, which was situated under the Fifth Avenue Hotel, but in a vault down town.

The capital stock of the bank was $100,000, and it had $4,000,000 of deposits, all of which was appropriated to speculative use by this smart young man, who decamped to Canada in company with a Roman Catholic priest.

Eno happened to have a rich father, who had made his money by thrift and economy during a long and prosperous life. To his credit, it must be said, that he came promptly to the rescue of this wayward and erring son, and paid the bank, of which he was director, three and one-half millions of dollars, on condition that the other half million should be contributed by the other directors, all of whom were very rich men. The directors willingly accepted the proposition, and thus the entire deficiency was made good by this generous arrangement, so that none of the depositors suffered the loss of a dollar.

The methods which Mr. John C. Eno, the President, resorted to for the purpose of capturing the institution root and branch, were ingenious and unique in their character, inasmuch as they had a tendency to inspire the fullest confidence in his vigilance and honesty regarding the affairs of the bank, instead of exciting any suspicion.

He discouraged the custom of keeping the securities of the bank in its own vaults, on the pretense that they were not sufficiently secure, and suggested that a safe should be rented in one of the down town safe deposit companies. This was done at his request. He argued, further, that the funds on hand being mostly family deposits, the depositors were not of a class that often required to be accommodated with discounts, and that the money was not taken by the bank to be locked up and kept on hand so as to have the name of having it, but to be used to the best possible advantage consistent with safety, to make profitable returns

through interest. Consequently, he was allowed to use the money of the bank freely to make loans to Wall Street brokers on interest, with approved collaterals, and he represented to the directors that he was carrying out this course.

As the bank was located so far up town, (at Twenty-third street,) the distance from Wall Street made it extra hazardous to send securities back and forth, as adventurous thieves might seize the messenger on the way. This has frequently happened in this city. It was, therefore, desirable to have the safe deposit vault in close proximity to Wall Street. Of the combination to the safe in this vault Mr. John C. Eno was the sole possessor. Having things fixed in this manner it was indispensable that the President himself should go down town every day, so as to accommodate the brokers in the loaning of money. The directors were by this plan convinced that the risks, through the careful methods adopted by the President, were no greater than if the bank was located in Wall Street. These conservative methods, so skilfully planned and plausibly explained, increased the confidence of the directors in the able and careful management of Mr. Eno, and nobody was so much surprised as they, when the wool was raised from their eyes and they discovered that these various and ostensible "safeguards" were ingeniously devised for the sole purpose of screening their skilful inventor in the accomplishment of his huge defalcations

Instead of loaning the money to Wall Street brokers, as he represented to the directors, he placed it as margin with his own brokers in various speculative ventures, and in that manner he made away with the entire $4,000,000 of the bank's deposits without exciting the least suspicion in the confiding breasts of the directors.

Such another instance of a clean sweep of the deposits of a bank by any of its officials, is probably not on record in the whole history of this kind of manipulation.

When the President represented to the Cashier, every evening, that he had lent specified sums on certain secur-

ities, his word was taken, and his checks for the amounts duly honored, without exciting a feeling of suspicion. Thus, by degrees the books of the bank showed $4,000,000 of call loans upon unexceptionable collaterals, when in fact the money had all gone to the President's private account.

Eno speculated with the greater portion of the money in stocks that were continually declining in price, and at length the time arrived when he was obliged to make a clean breast of the terrible condition of his affairs to his father. As I have stated, the old gentleman, Mr. Amos R. Eno, nobly came to the relief of his prodigal son, and saved the bank from suspension.

As Eno senior is still worth about $25,000,000, he will never suffer the pangs of poverty through this great loss; but it will take a long time to enable him to survive the disgrace which the flagrant acts of his son have brought upon an honest and highly respected name.

THE CLEARING-HOUSE AS A PREVENTER OF PANICS.

In this panic the boldest and most remarkable instance of self-sacrifice on record was manifested by the Clearing-House banks. The panic of 1884, in its incipient stage, was different to any that had preceded it—at least any of the financial convulsions within my recollection—owing to the influence exercised upon it by the prompt and liberal policy of the banks. In every respect their action was notable, showing that those at the head of their management had largely profited by the lessons of former panics.

It was chiefly due to the masterly management of the banks, together with the magnanimous conduct of Mr. Amos R. Eno and his associate directors of the Second National Bank, that the panic was short-lived and so narrowly circumscribed. Had it not been for the determinate and instantaneous joint action of these parties there would have been a very serious crash, which would have been far-reaching in its results.

The results of the timely action taken on the part of the managers of these institutions in this crisis, proves that panics can be arrested by proper methods, and that quick and determined action is indispensable in the incipient stage of the emergency. If bank presidents could only be relied upon by the business community to act promptly and in unison with the business men, as they did in this instance, threatened panics need have but little terror for the people, who now live constantly in dread that these outbursts of business disaster may be sprung upon them at any time in any decade.

In the past history of panics bank managers, as a rule, have acted without system, without judgment and almost entirely without any well defined plan of action. There has been an astonishing lack of vigor in their methods and purposes, which were weak and vacillating in their character—frequently more like the acts of children than those of business men.

If the panic of 1873 had received the same vigorous treatment in its origin as that of 1884, it could just as easily have been checked as the latter, and the entire country would have been saved a large portion of the depressing effects of that serious collapse and its attendant disasters, which caused a state of general prostration for five or six years succeeding the event. These years, from a business standpoint, appear as a blank in the history of the country's progress. Indeed, they constitute a black mark.

In 1884 the bears indulged in much adverse criticism in regard to the action of the Clearing-House in taking Mr. Seney's pictures as collateral. At the time, this method of financiering was without precedent; but the result has fully justified the policy of the Clearing-House Association and its management. Such an exceptionally fine collection of paintings in a country like this, now filled with connoisseurs who have sufficient wealth to gratify their tastes, stimulates the demand for these luxurious articles of value

and transforms them into the best collateral to be found in the market. When the Seney pictures were offered for sale at auction they attracted greater competition in the purchase, at good prices, than could have been obtained for almost any class of railroad securities connected with Wall Street for months afterwards. While Mr. Seney seems to have been as much of a virtuoso as the late Mrs. Morgan, he did not permit his love of the beautiful to rise to such a pitch of exaltation as would cause him to pay the extravagant prices which almost ruined that eccentric woman. He never forgot that the picture had a "market" value, and never permitted his enthusiasm for the fine arts to make him a victim of sharp and unconscionable dealers. In fact he appeared to have been more wide-awake in picture buying than banking, and demonstrated that the former, rather than the latter, was his forte. If the bank presidents had not acted in the praiseworthy manner referred to, the financial revulsion of that panic would have been very serious. Several millions of deposits in the Metropolitan and Second National were promptly drawn out, and forthwith entered into circulation. This saved the community from the evil influence of a large number of panic makers in the persons of the depositors of these banks. Instead, therefore, of helping to stir up the excitement—as they would have done by pursuing the selfish policy formerly resorted to in similar circumstances—every person with funds in these two institutions, assisted very effectively to allay suspicion and create confidence, instead of distrust.

It was the disturbing element of panic makers, who generally constitute one of the most potent factors of disruption to be dealt with in seasons of business trouble, that caused the greater part of the trouble at the time of Jay Cooke's failure. The holders of the Northern Pacific bonds then, finding that the security was no longer equal to that of Government bonds (as they had been taught to believe), but was apparently worthless, became panic-stricken at their

losses, and were all transformed into panic-makers, infusing the spirit of distrust into every person with whom they came into contact, until, like a fatal virus, it inoculated the whole country, spreading business disaster far and wide.

Gw S Seney

CHAPTER XIX.

OLD TIME PANICS.

THE PANIC OF 1837.—HOW IT WAS BROUGHT ABOUT.—THE STATE BANKS.—HOW THEY EXPANDED THEIR LOANS UNDER GOVERNMENT PATRONAGE.—SPECULATION WAS STIMULATED AND VALUES BECAME INFLATED.—PRESIDENT JACKSON'S "SPECIE CIRCULAR" PRECIPITATES THE PANIC.—BANK CONTRACTIONS AND CONSEQUENT FAILURES.—MIXING UP BUSINESS AND POLITICS.—A GENERAL COLLAPSE, WITH INTENSE SUFFERING.

THE first panic of any great importance was that of 1837. This panic had its origin in a misunderstanding between the United States Bank, with headquarters located at Philadelphia, and President Jackson, whose election the officials of the bank had opposed.

The bank had been chartered in 1816, and went into operation in 1817. Its charter had twenty years to run. The bank had been kept in operation with varying success until 1830, when it was considered to be on a very stable footing, so that the Finance Committee of the United States Senate were enabled to testify to its efficiency as follows: "We are satisfied that the country is in the enjoyment of a uniform national currency, not only sound and uniform in itself, but perfectly adapted to the purposes of the Government and the community, and more sound and uniform than that possessed by any other nation."

This was the second United States Bank; the first had been chartered in 1791.

The bank applied to Congress, in 1832, for a renewal of its charter, which would expire in 1836. A bill was passed by Congress to re-charter the bank. The bill was vetoed by the President for the reason above stated. In the following year the Treasurer announced, by order of the Presi-

dent, that the public funds, amounting to $10,000,000, would be drawn from the custody of the bank because it was an unsafe depository.

The transfer of the Government funds to the State banks created great agitation in political and financial circles. The State banks, under this favorable turn of Government patronage, quickly assumed a thriving condition and began to expand their loans and circulation. This stimulated speculation in all parts of the country, but especially land speculation. Large purchases of land were made from the Government, and payment was made in notes of State banks.

With the rapid sales of its lands the Government was soon able to pay off the public debt, and had still a surplus of $50,000,000 in the Treasury. This apparent prosperity continued for the next year or two, money was plenty and speculation was greatly stimulated and values became inflated.

The crisis came in 1837, and was hastened by the "Specie Circular," which was the last official act of President Jackson, and which pricked the bubble of inflation. This circular, which was issued from the Treasury in July, 1836, required all collectors of the public revenue to receive nothing but gold and silver in payment. The purpose of the circular was to check the speculation in public lands, but it caused too sudden a contraction in values, and created widespread disturbance in business circles generally.

The public protest against the "Specie Circular" was so strong and universal, that a bill went through both houses of Congress partially repealing it. "Old Hickory" did not yield to Congress, however, and though he did not veto the bill, he delayed signing it until after Congress adjourned, thus preventing it from becoming a law.

The State banks sought to tide over the troubles arising from the Jacksonian method of financiering by loans of public money to certain financial concerns and individuals, but this plan only made matters worse. There was a sud-

den expansion of paper money, which encouraged a wild spirit of speculation and excessive importations, and imparted an unnatural stimulus to business and commercial affairs. This state of overtrading and reckless speculation was suddenly checked by bank contractions, and in the spring of 1837 there were failures amounting to $100,000,000 in New York city alone.

The shock was communicated to the entire country, and a state of general paralysis in business circles ensued.

In the meantime the Bank of the United States continued in operation, and did not even suspend in 1836, when its charter expired, but obtained another charter from the State of Pennsylvania, which was entitled "An Act to repeal the State taxes on real and personal property, and to continue and extend the improvement of the State by railroads and canals, and to charter a State bank to be called a United States bank."

This United States bank did not expire until 1839, though it suspended specie payment with the State banks in 1837, when by this method they escaped a general collapse, and dragged through an agonizing existence for two years longer. The circulating notes and deposits of the Bank of the United States were paid in full, but the $28,000,000 of capital were a total loss to the stockholders, who never obtained a dividend. Such were the good old times of financiering when General Jackson and his successor, Martin Van Buren, sat in the Executive chair.

The entire capital stock of the bank was $35,000,000, of which $7,000,000 were to be subscribed by the Government.

The real cause at the bottom of the failure of this bank was its error of mixing up its legitimate business of banking with politics and speculation, showing that keeping those matters as distinct as possible is one of the great secrets of success in each of them.

The panic of 1837 was further aggravated by the action of the Bank of England which, in one day, threw out all the

paper connected with the United States. The banks on this side refused to discount paper, and as a retaliatory measure in self-defense the business men and speculators withdrew their deposits from the banks. This had a tendency to cripple business still more, and cause utter prostration. In their selfish frenzy bankers and merchants completed the ruin of each other, hastening the catastrophe from their inability to take a broad, cool and generous view of the situation.

There was a general suspension of the New York banks on May 10, 1837, and the banks throughout the country followed in their wake within a week afterwards, producing a financial convulsion unparalleled in the history of the Republic. The country was brought to the verge of bankruptcy from the effects of which a long time was required for recovery.

After two years' struggle to regain the credit and stability lost through false methods of financiering, the banks suffered a relapse, and underwent a severe process of weeding out the weakest, nearly one-third of which happened to be of this description. Out of 850 banks, 343 closed their doors permanently.

The Sub-Treasury at New York was established the following year, 1840, by an act of Congress which provided that the officers of the Government should keep the public funds in their own custody, that coin alone should be received in payment to the United States, and bank notes were to be no longer received and paid out at the Treasury.

While this short chapter deals with matters which go back beyond my personal recollections of twenty-eight years in Wall Street, still as the panic of 1837 was the first of the great upheavals of its kind, that had a marked effect on Wall Street affairs, it properly falls within the scope of this book to chronicle the chief incidents of that great business convulsion.

For this reason, therefore, I find room for it, in some

measure commensurate with its importance, and the space which can be afforded to it, as a matter of financial history, the facts of which were still fresh in the recollection of several speculators, bankers and business men, with whom I had the honor of being acquainted shortly after my advent in Wall Street immediately succeeding the panic of 1857.

Of those who gave me lively descriptions of their vivid recollections of that panic, but few now survive.

I think, therefore, it is well for me to do my part in helping to preserve the leading features of this important episode in the early history of Wall Street, as there will soon be none of those, who took an active part in the exciting events of that period, left to tell the tale.

CHAPTER XX.

THE TRUE STORY OF BLACK FRIDAY TOLD FOR THE FIRST TIME.

THE GREAT BLACK FRIDAY SCHEME ORIGINATES IN PATRIOTIC MOTIVES.—ADVISING BOUTWELL AND GRANT TO SELL GOLD —THE PART JIM FISK PLAYED IN THE SPECULATIVE DRAMA.—"GONE WHERE THE WOODBINE TWINETH."—A GENERAL STATE OF CHAOS IN WALL STREET.—HOW THE ISRAELITE FAINTED.—"WHAT ISH THE PRISH NOW?"—GOULD THE HEAD CENTRE OF THE PLOT TO "CORNER" GOLD.—HOW HE MANAGED TO DRAW AMPLE MEANS FROM ERIE.—GOULD AND FISK ATTEMPT TO MANIPULATE PRESIDENT GRANT AND COMPROMISE HIM AND HIS FAMILY IN THE PLOT.—SCENES AND INCIDENTS OF THE GREAT SPECULATIVE DRAMA.

IN the year 1869 this country was blessed with abundant crops, far in excess of our needs, and it was apparent that great good would result from any method that could be devised to stimulate exports of a part, at least, of the surplus.

Letters poured into Washington by the thousand from leading bankers, merchants and business men, urging that the Treasury Department abstain from selling gold, as had been the practice for some time, so that the premium might, as it otherwise would not, advance to a figure that would send our products out of the country, as the cheapest exportable material in place of coin, which, at its then artificially depressed price, was the cheapest of our products, and at the same time the only one undesirable to part with. So the Government decided to suspend gold sales indefinitely.

Jay Gould and others, being satisfied that this was to be the policy of the Administration, commenced at once buying large amounts of gold, actuated, doubtless, by the purest of patriotic motives, namely, to stimulate cotton and cereal exports. They succeeded in accumulating a considerable

amount of gold at prices ranging from 135 to 140, covering a period of three months' steady buying.

This was the honest foundation on which the great Black Friday speculative deal was erected.

The eruption on Black Friday was really caused by the erratic conduct of James Fisk, Jr., who actively joined the movement on Thursday, the day before, and became wild with enthusiasm on the subject of high gold. He began on Friday, early in the morning, to buy large blocks through his own brokers, William Belden and Albert Speyer, running the price up very rapidly.

The original syndicate consisted of Jay Gould, Arthur Kimber, representing Stern Brothers, of London, and W. S. Woodward, of Rock Island corner notoriety. The two latter, however, sold out their interest to Gould, who directed the deal to the end, with the assistance of several able and wicked partners. Their office was located in Broad street, on the present site of the Drexel Building.

When the excitement arising from the above causes was at its height, I sent a telegram to Secretary Boutwell, and one to President Grant, representing the exact condition of affairs in Wall street, and urging the sale of gold without delay. I also prevailed upon General Butterfield, the New York Sub Treasurer, and Moses H. Grinnell, the Collector of the Port, to send similar telegrams, which they did, and timely action was taken at once by an order coming to sell $5,000,000. The moral effect of this Government action was to strike terror to the holders of gold, and a general rush was made to sell out, thereby driving down the premium from 160, in less than two hours, to 132. The down grade produced an excitement quite equal to the early furore in the up movement. Albert Speyer had from Fisk a verbal *carte blanche* order to buy, in million lots, all the gold he could get at 160; while he was thus buying millions upon millions at this figure, on the opposite side, and in other sections of the room, sales were freely made in moderate amounts

at 140, 145, 147 and 150, almost simultaneously ; and even when 135 was reached, which was soon thereafter, Speyer still kept on bidding 160 for a million at a time, making one of the wildest and most ludicrous spectacles ever witnessed among men not idiots. Fisk afterwards repudiated the contracts made on his account by Speyer & Belden, simply denying having given the orders, and as they were not in writing, they could not well be proven, hence both brokers failed, throwing immense losses upon an innumerable number of others. Quite a noted firm sold Speyer some of his million lots, which they bought back at 140, being satisfied with the profit of 20 per cent. ; when they had finished buying, the price instantly broke to 132, and the announcement of Speyer's failure, which was made before the close of the day, caused them also to fail, as well as half the members of the Gold Room. Owing to the serious complications prevailing, and the disaster being so widespread, it was found impossible to continue the clearances through the Gold Bank, and the Governing Committee of the Gold Room were at once convened, and passed a resolution to suspend all dealings in gold for one week, in order to enable the members to adjust their difficulties and differences between themselves privately. The Gold Bank also suspended business in the meantime. While Albert Speyer was vigorously buying and continuing to bid 160 for one million after another, the clique were as actively engaged in selling all the market would take at ten points less, and also busy making private settlements with the shorts.

As the transactions were purely phantom in their nature, the great parties in the speculative contest did not really lose much. Contrary to popular opinion about such transactions, they did, virtually, incur heavy losses, but in one way or another they managed to evade them. Gould's losses were estimated at over four millions. Fisk's were equally large. but he repudiated all of them. Others were heavily saddled, however, with the burden which he should have borne.

Importing merchants were among the greatest sufferers, and a large number of them were forced to cover at high figures.

The suspension of the Gold Board caused many important failures. Private settlements were made during a period of sixty days following, in many instances on the basis of a compromise.

When Fisk heard that Secretary Boutwell had ordered gold sold, he exclaimed that it would knock spots out of phantom gold, and send him and others with their long stuff "where the woodbine twineth." The full effect of the disaster became more fully realized when the Gold Board and Gold Bank suspended and the numerous large failures were announced; then it almost seemed that a general state of chaos reigned, and how to unravel the complications was the problem to be solved. No one that had any connection with gold dealings during the eventful day could positively tell how they actually stood, or how to estimate their losses or gains; such was the uncertainty as to future results, and the doubt as to who was, and who was not, going to pay the differences due. The Board Room was crowded almost to suffocation, and the scene just prior to its close partook of the appearance of Bedlam let loose; in fact, it had not been much different during the entire day. Late in the afternoon, a formidable body of enraged sufferers assembled at the doors of Smith, Gould & Martin's office, and many and boisterous were the threats that were indulged in against the members of the firm, in consequence of which a police guard was detailed for their protection.

The gold furore brought many Israelites to Wall Street, who since, by their numbers and natural shrewdness, have become quite formidable in our midst.

One of them, being very long of the precious metal, on its break from 160 to 140, fainted; water was soon obtained to bathe his feverish brow, and rubbing was also adopted. When, finally, he had sufficiently recovered to raise his head

and open his eyes, looking all around he said: "What ish the prish now?" Upon finding it still lower, he closed his eyes again, and fell into another swoon. He was finally carried from the Gold Room a sick and ruined, but a wiser Hebrew, and is now in the "ole cloe" business on the East side.

This is the history in brief, but the scenes and incidents of that day would furnish material for an interesting volume.

Although I am not much given to the sensational, I have collected a few of the leading events in detail, which I think are worth putting in permanent form, if I may presume that this book itself may happily partake of that character.

The inside history of the conspiracy to put up the price of gold is also full of interesting material, and shows how deeply laid the scheme was to take advantage of the circumstances and of the feeling which existed in favor of stimulating our exports at the time. I shall, therefore, give an epitome of the salient points behind the scenes of the great speculative plot, and the bold attempt made to involve President Grant and his family in the conspiracy.

As I have intimated, Jim Fisk, Jr., or Jim Jubilee Junior, as he was then popularly called, was eventually put forth as the active member of the manipulating coterie. The clique made very good use of him, also, at intervals during the period they were concerting their plans.

Fisk had originally been a peddler in New England, as his father had been. He appeared in Wall Street a few years previous to the great gold conspiracy as one of the confidential men of Daniel Drew. Having shown that he was too sharp for some of the people in the broker's office where Mr. Drew made his headquarters, he received a polite hint that his presence there was undesirable. Mr. Fisk then opened an office of his own, and united his speculative fortunes with those of Mr. William Belden. The name of the firm was Fisk & Belden. It was of but short duration.

It seems that they had difficulty in finding bankers to accommodate them to the extent required, and they closed up the business. But though Fisk failed of success in this instance as a broker, his resources were not by any means exhausted. He made himself generally useful to Mr. Drew, who still adhered to him.

As the result of this friendship and his own smartness, in a short time afterwards Mr. Fisk was elected to the directory of the Erie Railroad Company, and Mr. Drew, who had forwarded his interest in that direction, was left out. This is an instance of the way Fisk made the best use of his friends.

As the result of Fisk's election to the Erie Board, forty thousand shares of new stock were issued. Bold attempts were made to gobble up other railroads through the same instrumentality. Fuller information on these matters is given in my chapters on Drew, Gould, and the struggle with Vanderbilt.

Fisk began to be considered a universal genius at that time, and had acquired the soubriquet of Prince of Erie. Though he had no money to operate with when he made his debut in Wall Street, soon after this large issue of Erie stock, he began to show signs of wealth very rapidly. He had the reputation of being the fortunate owner of several railroads and steamboats, an opera house, at least one bench of judges, an unlimited number of lawyers and a bevy of ballet girls.

The Head Centre of this gold conspiracy needs no introduction here, as I have attempted to do him ample justice in another chapter. He was also the power behind the throne in Erie as well as in the Gold clique. He pulled the wires while Fisk was the imposing factotum who was exhibited to an admiring public. He managed the courts, the judges and the lawyers, while Fisk got the reputation of doing this fine work, but was simply the mechanical executive. He had made himself solid with the Legislature also, and

had acquired a hold on Erie that enabled him to use that property just as he pleased for his own personal benefit, ambition and purposes.

Erie was a mighty power at that time, with a wonderful leverage for raising money. When cash was needed to purchase another railroad, a legislature or a court, all that was necessary was to sell a few hundred thousand of Convertible Bonds and turn them into Erie shares. Mr. Gould was thus fortified with ample means of raising money on call at the time he played the heavy role in the events which culminated in the disaster of Black Friday.

Though the circumstances at that time were all in favor of success in such a plot, it required a mind with great grasp and wonderful powers of generalization to take advantage of all the bearings of the situation, and to utilize everything toward the great end in view. Gould did his work as chief of the conspiracy with rare tact and marvellous sagacity.

A resume of the conspicuous points in the situation and the plot will make this clear.

The supply of gold in the New York market then did not exceed 25 millions. The Government held less than 100 millions, and about one-fourth of this was in the form of special deposits represented by gold certificates, part of which were deposited in the banks and the remainder circulating throughout the country. Gold was then being sold by the Treasury at the rate of a million a month, in accordance with a plan that had been adopted as the best financial policy, both for the administration and the prosperity of the country. This had always a tendency to keep the price down, but on account of the circumstances briefly related in the beginning of this chapter, this policy of selling gold, owing to our commercial relations, was no longer considered for the best interests of the country, and Mr. Boutwell, with his coadjutors in the Treasury, were bound to give ear to the opinions of the bankers and business men in the interest of our export trade.

Although the policy of stopping the sale of gold had been agreed upon in deference to the views of the best financiers of the country, yet Mr. Gould and his fellow strategists thought it was best to make assurance doubly sure on this point, in order that nothing might stand in the way of the great speculative intrigue, to get a "corner" in gold. President Grant was conservative on the subject. The conspirators, therefore, conceived the design of arranging things so that Secretary Boutwell could not depart from this policy, no matter what emergency might arise.

This bold and wicked strategy could only be successful by first getting President Grant convinced that the theory of stopping the gold sales was the only commercial salvation for the country in the then condition of business stagnation and the possible panic threatened. The theory was then to impress him with the necessity of giving Secretary Boutwell an absolute order not to sell gold, and afterwards to fix things so that it would be impossible for the President to revoke that order until the brilliant speculative purposes of the clique in cornering gold should be accomplished.

The scheme was but little short of treason, regarded from a patriotic point of view, and it is very questionable if the perpetrators would have stopped short of this dastardly act, had they not been convinced that their purpose was fully compassed by a method less villainous and shocking. It was considered indispensable by the conspirators, for the consummation of their plans, that Grant should be got out of the way by some means or other. Fortunately for him, and for the honor of the nation, the plan succeeded without the necessity of offering him any violence.

Before explaining how this was done it is necessary to describe briefly a few of the preliminary events which formed a portion of the plot.

It was arranged that General Grant should accompany a party, one beautiful evening in the middle of June, who were going to attend the great Peace Jubilee of Patrick

Sarsfield Gilmore in Boston. Jim Fisk did the executive work in the arrangement. There was a fine champagne supper on board the Boston boat, and several gentlemen were present who were thoroughly conversant with financial questions, and could talk glibly on the state of the country. The subject of exports and the policy of stopping the sale of gold were thoroughly discussed. It was a feast of reason, and those who have imagined that it was all flow of soul, on that festive occasion, do very scant justice to the intelligence that was at the bottom of the deep design of the nocturnal excursion, planned by Gould, Fisk & Co. General Grant was an eager listener to all that was said on the most interesting subject of that day, but his mind, it would seem, was not then thoroughly made up that the best policy for the prosperity of the country was to stop the sale of gold. He was undecided on that point, and it required well directed reasons to convince him. Mr. Gould observed this and foresaw what was necessary to be done. The drift of the conversation, when this point was brought clearly out, was very succinctly described by Mr. Gould in his testimony before the Garfield Investigating Committee. He said: "The President was a listener. The other gentlemen were discussing. Some were in favor of Boutwell's selling gold, and some were opposed to it. After they all interchanged their views, some one asked the President what his views were. He remarked that he thought there was a certain amount of fictitiousness about the prosperity of the country, and the bubble might as well be tapped in one way as the other. That was the substance of his remark. He asked me what I thought about it. I remarked that I thought if that policy was carried out it would produce great distress and almost lead to civil war; it would produce strikes among the workmen, and the workshops, to a great extent, would have to be closed; the manufactories would have to stop. I took the ground that the Government ought to let gold alone, and let it find its commercial

level; that, in fact, it ought to facilitate an upward movement of gold in the fall. The fall and winter is the only time that we have any interest in. That was all that occurred at that time."

It may be necessary to observe that I am merely quoting Gould from the report, and am not by any means responsible for his confusion of ideas and grammar.

This is sufficient to show how ably Mr. Gould played his part in attempting to get the President into the proper frame of mind to enable him to endorse a policy so vital to the interests of the country and to the success of the gold clique.

"I took the ground," says Gould, "that the Government ought to let gold alone and let it find its commercial level."

This reference to "its commercial level" is rich, coming from the head centre of the plotters who wanted to put the article up to 200. Then, in another afterthought, he says: "It (the Government) ought to facilitate an upward movement of gold in the fall."

How artfully insinuating was this suggestion in the interest of our foreign commerce! It showed clearly the power the man possesses of rising to the patriotic height of the occasion. This is a characteristic of Mr. Gould that few people know how to appreciate at its true worth. It has stood out conspicuously in his character in many other exigencies. It reminds one of the unkind but vigorous remark of the famous old English critic, Dr. Samuel Johnson: "Patriotism, Sir," said the old cynic, "is the last refuge of a scoundrel."

About the time the above events were transpiring, the Assistant Secretary of the Treasury, Mr. H. H. Van Dyck, resigned his office in this city. Mr. Gould's chief ambition at that time was to name his successor, in order that he might be able to control the Treasury when the time to get a "corner" in gold should be ripe. Mr. Abel R. Corbin came in quite handy at this juncture to help to further the designs

of Mr. Gould. He was a man of fair education and considerable experience both in business and politics. He had been a lobbyist in Washington for some years. He was well informed on financial matters, a pretty good writer, and could "talk like a book." His wife was a sister of Mrs. Grant, and he had good opportunities for reaching the Presidential ear, which he employed to the best advantage.

A gentleman named Robert B. Catherwood, who was married to a step-daughter of Mr. Corbin, was approached by Gould and Corbin on the subject of the assistant-treasuryship. They were anxious that Mr. Catherwood should take the office, and told him he could make a great deal of money in a perfectly legitimate manner if he were once installed.

So Mr. Catherwood stated in his testimony before the Investigating Committee, but he adds, "My ideas differed from theirs in what constituted a legitimate manner, and I declined the office."

The office then sought another man in the person of General Daniel Butterfield. He received the intimation of his appointment in a very different spirit from Mr. Catherwood, showing that he was fully equal to the occasion. He wrote a letter to Mr. Corbin thanking him kindly for the offer, saying that he was under numerous obligations to him, and expressing a hope that he would be eminently successful in his undertaking. General Butterfield received his commission in due course.

This made perfect another link in the chain of Mr. Gould's speculative design, as he supposed. It made Corbin "solid" with Gould also, a position which they both highly appreciated. Mr. Gould paid the following tribute of admiration to the true value of Corbin in the enterprise: "He was a very shrewd old gentleman. He saw at a glance the whole case, and said he thought it was the true platform to stand on; that whatever the Government could do legitimately and fairly to facilitate the exportation of breadstuffs and produce

good prices for the West, they ought to do so. He was anxious that I should see the President, and communicate to him my views on the subject." Corbin talked with Grant until he received a positive assurance that Boutwell was not to sell any more gold. At a meeting in Grant's house, where Gould and Corbin were present, the President said: "Boutwell gave an order to sell gold, and I heard of it, and countermanded the order."

It was not until Gould had received positive assurance from the President's own lips, that he considered his scheme perfect. But the links of this strategic chain were now nearly all forged. The bankers and merchants were largely in his favor through commercial necessity, the Sub-Treasury was "fixed," as he thought, and the Executive fiat had placed the Treasury of the United States itself where it could not spoil the deal if Grant did not change his mind. There were reasons, of course, to apprehend that he would do so in case of an emergency; for he never was privy to the scheme, no matter what his traducers and political enemies may have said.

To ensure perfect safety, then, Grant must be put out of the way temporarily. This was the crowning effort of the conspirators. After the Boston Peace Jubilee, this Cabal spent the remaining part of the summer in maturing its designs. Large enterprises of this nature always require time and patience. I am told that "Billy" Porter, "Sheeny" Mike and other eminent burglars will work assiduously from six to twelve months studying all the ins and outs of a bank or other financial concern before coming to the point of using the "jimmy," blowing the safe or chloroforming the janitor.

It seemed necessary that all the members of the Cabal should be fully acquainted with the combination to Grant's purposes as regarded his orders to Boutwell, and that his ideas should remain fixed on the theory of increasing exportation for the country's safety. Accordingly it was arranged

that Jim Fisk should visit the President at Newport, where he was on a visit, some time about the middle of August, a month or so prior to Black Friday. It would seem that Grant at this date was still wavering, and adhering to his policy of selling gold in spite of the order which he had given Boutwell. He may have been suspecting that the anxiety of Gould, Corbin & Co. for the prosperity of the country was not altogether genuine. The necessity of bringing further pressure to bear upon him was therefore clearly manifest.

Referring to the interview at Newport, Fisk said: "I think it was some time in August that General Grant started to go to Newport. I then went down to see him. I had seen him before, but not feeling as thoroughly acquainted as I desired for this purpose, I took a letter of introduction from Mr. Gould, in which it was stated that there were three hundred sail of vessels then on the Mediterranean, from the Black Sea, with grain to supply the Liverpool market. Gold was then about thirty-four. If it continued at that price, we had very little chance of carrying forward the crop during the fall. I know that we felt nervous about it. I talked with General Grant on the subject and endeavored, as far as I could, to convince him that his policy was one that would only bring destruction on us all. He then asked me when we should have an interview, and we agreed upon the time. He said: 'During that time I will see Mr. Boutwell, or have him there."

The President was carefully shadowed after this by the detectives of the clique, and great care was taken to throw men across his path who were fluent talkers on the great financial problem of the day, the absolute necessity of stimulating the export trade and raising the premium upon gold for that patriotic purpose. In this way, President Grant began to think that the opinion of almost everybody he talked with on this subject was on the same side, and must, therefore, be correct.

About the 1st of September it was considered that the opinions of the President had been worked up fairly to the sticking point, and Gould bought $1,500,000 in gold at 132½ for Corbin. Gould, however, was timid in his purchasing at first, as he had heard that a number of operators who were short of gold were making arrangements to give Secretary Boutwell a dinner. On further assurances from Corbin that the President had written Boutwell to sell no gold without consulting him, Gould prepared to go ahead with the execution of his great scheme. Nothing remained to be done in the completion of the plot except to stow away the President in a place of safety until the financial storm should blow over.

Things were so managed that the President was placed in a position that his honor was seriously in danger of being compromised, yet so ably was the matter engineered that he was perfectly unconscious of the designs of the plotters.

He was prevailed upon to go to a then obscure town in Pennsylvania, named Little Washington. The thing was so arranged that his feelings were worked upon to visit that place for the purpose of seeing an old friend who resided there. The town was cut off from telegraphic communication, and the other means of access were not very convenient. There the President was ensconced, to remain for a week or so about the time the Cabal was fully prepared for action.

Sometime about the period of the President's departure for Little Washington, Fisk bought seven or eight millions of gold. Gould then said to Fisk: "This matter is all fixed up. Butterfield is all right. Corbin has got Butterfield all right, and Corbin has got Grant fixed all right, and in my opinion they are all interested together."

This was patriotism with a vengeance. Just think of the audacity of it! Gould enters into a scheme to place the President in a position where he could not interfere with the plan of getting a "corner" in gold, and then he turns around and accuses the first Magistrate of the Republic with being privy to a plot that was calculated to create a panic, and

cause widespread disaster in business circles, and render him an object of universal contempt.

Gould and Fisk, through Corbin, also attempted to compromise Grant's family, as well as his private Secretary, General Horace Porter. This intention was fully disclosed through the interview of Fisk with Corbin. Fisk testified: "When I met Corbin he talked very shy about the matter at first, but finally came right out and told me that Mrs. Grant had an interest; that $500,000 in gold had been taken at 31 and 32, which had been sold at 37; that Mr. Corbin held for himself about two millions of gold, $500,000 of which was for Mrs. Grant and $500,000 for Porter. I did not ask whether he was General or not. I remember the name Porter. This was given out very slowly. He let out just as fast as I did when he found that Gould had told me about the same thing. I said: 'Now, I have had nothing to do with your transactions in one way or the other. We have embarked in a scheme that looks like one of large magnitude. Mr. Gould has lost as the thing stands now. It looks as if it might be a pretty serious business before getting out straight again. The whole success depends on whether the Government will unload on to us or not.' He said: 'You need not have the least fear.' I said: 'I want to know whether what Mr. Gould told me is true. I want to know whether you have sent this $25,000 to Washington, as he states?' He then told me that he had sent it, that Mr. Gould had sold $500,000 in gold belonging to Mrs. Grant, which cost 32, for 37 or something in that neighborhood, leaving a balance in her favor of about $27,000, and that a check for $25,000 had been sent. Said I: 'Mr. Corbin, what can you show me that goes still further than your talk?' 'Oh, well,' the old man said, 'I can't show you anything, but,' said he, 'this is all right.' He talked freely and repeated: 'I tell you it is all right.' When I went away from there, I had made up my mind that Corbin had told me the truth."

An attempt was made to prove, before the Garfield Committee, that a package containing $25,000 was sent to Mrs. Grant through the Adams Express Company, but expert testimony failed to decide whether the amount was that or $250, as the two noughts at the extreme right were crowded into the cents column, and it was difficult to determine whether or not a very light "period" was placed between them and the "$250."

The design of the clique was manifest, however, to implicate the family of the President in some way or other, in order that they might make use of the Executive influence to help accomplish their great speculative purpose. But as the Garfield Committee truly said in its report: "The wicked and cunningly devised attempt of the conspirators to compromise the President of the United States or his family utterly failed."

The scheme might have succeeded if Fisk had been possessed of the coolness and penetration of his partner, but his impetuosity, anxiety and enthusiasm aroused suspicion and partially spoiled the plot.

Fisk was so eager to be satisfied that Grant was all right that he overdid the thing by urging Corbin to write Grant a letter to stand firm and not to permit the Treasury to sell gold under any consideration. The outcome of this afforded clear proof, if any were wanting, that Grant had no guilty knowledge of the base purposes for which he was being used. Fisk had this letter from Corbin sent by a special messenger from Pittsburgh, who rode twenty-eight miles on horseback, and delivered it in person to the President. He read the letter, and had his suspicions at once aroused. He said laconically to the messenger, "It is satisfactory; there is no answer." He began to see through the game, and at once desired Mrs. Grant to write to Mrs. Corbin requesting her husband to have nothing more to do with the Gould-Fisk gang.

Mrs. Grant wrote to Mrs. Corbin to say that the President

was greatly troubled to learn that her husband had been speculating in Wall Street, and that she should desire him to disconnect himself immediately with the party who were attempting to entrap the President.

Corbin hastened to obey the mandate from Little Washington. He was greatly agitated, but the ruling passion of avarice was strong; in bidding Gould farewell, and before taking his final adieu of the clique, he requested the arch plotter to hand him over his share of the profits. Referring to this incident, Gould said: "I told him I would give $100,000 on account, and that when I sold, if he liked, I would give him the average of my sales. I did not feel like buying any gold of him then."

This was the denouement of the plot against the President, who immediately hastened to big Washington.

Now, let me again ask the reader to turn his attention for a moment to the concluding scenes in the speculative drama in Wall Street on Black Friday. How the clique tried to manipulate Assistant-Secretary Butterfield was kept as profoundly secret as possible, and as it turned out, he did not have as much power over the events of that great day as was expected. When somebody charged Fisk with tapping the telegraph wires, however, to obtain information from the Government, he replied: "It was only necessary to tap Butterfield to find out all we wanted."

This was very likely a vain boast of Fisk.

On Wednesday, the 22d September, two days preceding Black Friday, the clique, it is believed, owned several millions more gold than there was in the city outside the vaults of the Sub-Treasury. Belden bought about eight millions of gold on that day, while Smith, Gould, Martin & Co. were also heavy purchasers. The clique held a caucus in the office of William Heath & Co., in Broad street, and concluded that it had gold enough to put the price to 200, if it could carry the gold without lending and compel the "shorts" to purchase. But the idea of finding a market for over thirty

millions of gold was also a gigantic problem, and they felt the risk of being ground between the upper and the nether millstones of their scheme.

On the morning of Thursday another council of war was held in the office of Belden & Co., on Broadway. At this meeting, Gould, Fisk, Henry N. Smith and William Belden were present. The proceedings of this meeting were kept a profound secret, but one result of it was that Belden gave his clerk the famous order to put gold to 144 and keep it there. On that day Belden purchased about twenty millions of gold, the price opening at 141¼ and closing at 143½.

The chiefs of the Cabal had another private meeting up town that evening. The great question of closing up the transactions on the following day was the chief topic of discussion. These operators held contracts for over $100,000,000 in gold. Gould said that the "short" interest was $250,000,000. The total amount of gold in the city did not exceed $25,000,000, and the difference between this and the aggregate amount of the contracts of the clique was the enormous amount that would have to be settled in the event of a "corner."

Fisk proposed that the clique show its hand, publish the state of affairs, and offer to settle with the shorts at 150. His plan was rejected by his brother conspirators.

On the morning of the fatal day, Belden and William Heath had an early breakfast together at the Fifth Avenue Hotel, and repaired immediately to their offices. Belden announced that gold was going to 200. "This will be the last day of the Gold Room," he added. Moved by Belden's threat, a large number rushed to cover. In the language of Henry N. Smith, "They came on with a rush to settle." He was settling in the office of Smith, Gould & Martin, at 150 to 145, while Albert Speyer, acting as broker for Fisk and Gould, was bidding up to 160 for a million at a time. It was only when the price came down to 133 that Speyer

realized the humorous absurdity of his position. He had then bought 26 millions since morning at 160.

A voracious demand for margins about midday brought the work to a crisis. The scene at the office of Heath was indescribable when Belden went there to see Gould and his confederates, to find out what was to be done next with the frenzied purchasers. An eye-witness thus describes the scene at Heath's office: "I went outside while Belden went in. I walked up and down the alley-way waiting for him to come out. Deputy sheriffs, or men appearing to be such, began to arrive and to mount guard at Heath's office to keep out visitors. After waiting a prodigious long time, as it seemed to me, Jay Gould came creeping out of the back door, and looking round sharply to see if he was watched, slunk off through a private rear passage behind the buildings. Presently came Fisk, steaming hot and shouting. He took the wrong direction at first, nearly ran into Broad street, but soon discovered his error, and followed Gould through the rear passage. Then came Belden, with hair disordered and red eyes, as if he had been crying. He called: 'Which way have they gone?' and, upon my pointing the direction, he ran after them. The rear passage led into Wall street. At its exit the conspirators jumped into a carriage and fled the Street."

They did not fly the Street, however, but went to the Broad street office of Smith, Gould & Martin, where the crowd assembled, evidently with riotous intent, apparently bent upon an application to Judge Lynch for justice; and had any of the gentlemen appeared outside the confines of the front wall, the chances were that the lamp-post near by would have very soon been decorated with a breathless body. To ensure their safety inside, however, a small police force kept guard outside, which made the barricade complete. These gentlemen remained under this shelter until the small hours of the morning, busily endeavoring to find out where they stood in the result of the gold deal, and the

more they pondered over it, the greater grew the doubt in their minds whether they were standing on their heads or their heels.

Although the Black Friday "corner" was a temporary calamity, perhaps it was worth all it cost, in teaching us a useful lesson in financial and speculative affairs. In my chapter on "Panics, and How to Prevent Them," I think I have made several points clear that can be utilized by financiers, speculators and investors to advantage, in case of an impending panic or "corner."

CHAPTER XXI.

CAUSES OF LOSS IN SPECULATION.

INADEQUATE INFORMATION.—FALSE INFORMATION.—DEFECTS OF NEWS AGENCIES.—INSUFFICIENCY OF MARGINS.—DANGERS OF PERSONAL IDIOSYNCRASIES.—OPERATING IN SEASON AND OUT OF SEASON.—NECESSITY OF INTELLIGENCE, JUDGMENT AND NERVE.—AN IDEAL STANDARD.—WHAT MAKES A KING AMONG SPECULATORS?

AS there is always a class of speculators whose operations, in the long run, leave a net result of loss rather than profit, it may not be amiss if I state what experience has taught me as to the causes of this want of success.

Undoubtedly, many who enter the arena of speculation are in every way unfitted to take the risks against such wily opponents as they must encounter. They are either too ignorant or too wise, too timid or too bold, too pessimistic or too sanguine, two slow or two hasty, too diffident or too conceited, too confiding or too incredulous. These are constitutional defects, any one of which may easily cost an operator a fortune. And yet self-knowledge, with self-con control, may prevent these natural disqualifications from seriously interfering with success. There is no mental discipline more severe and exacting than that of speculation. There is no pursuit in which a man can less afford to indulge in whims, or prejudices, or pet theories, than that of staking his money against the prospective changes in financial values. He must be as calm and as impartial as a judge, not less in respect to the risks he incurs than in regard to the integrity of his own judgment. I should lay it down as the first rule necessary to success, that the judgment be not warped by any natural idiosyncrasies; this being secured, a man may succeed in spite of his constitutional defects.

Singular as it may seem, there are no advantages beset with greater dangers than information—the one thing most largely sought after and most highly prized. Very naturally, most men object to taking a risk without possessing some knowledge of the conditions that determine the risk; and yet how few take care that their knowledge is adequate enough or certain enough for the formation of a safe judgment. In some cases, knowledge is unattainable and the operation must be a leap in the dark; and in such instances a man is unwise to step in unless his experience satisfies him that he is uncommonly sagacious in guessing.

Many speculators lose because the information on which they base their operations is *insufficient;* more because it is *false*; and others because, while their information is correct, they do *not know how to turn it to account.*

Between one or other of these difficulties in the use of information must be distributed a very large proportion of the losses incurred in speculation. Incomplete or insufficient information is especially dangerous. One-sided knowledge is nowhere so deceiving as here. A railroad, for instance, may report an increase of gross earnings which is construed as making its stock worth two or three per cent more than its current price; but the improvement may be due to transient special causes, and the road's current expenses may be growing at a rate which makes the net increase show a decrease. A financially embarrased company may announce an assessment of its stockholders, upon which there is a rush to sell the stock; a little further explanation shows that the proceeds of the assessment will so improve the facilities of the company, or so enable it to reduce its fixed charges, as to make the stock intrinsically far more valuable than it was before; this discovery causes a sharp advance in the shares, and the "short" sellers have to cover their sales at a loss. A stock is bought up freely at New York because London is taking large amounts of it; a day or two later, the deliveries show that large holders connec-

ted with the management are unloading on the foreign market upon knowledge of facts damaging to the prospects of the property; the late buyers then rush to realize, and pocket a loss instead of a profit. Every day furnishes new instances of speculations undertaken on this incomplete kind of information, and which end disastrously because the operators did not wait to be informed on all sides of the case, but were satisfied to take a pound of assumption with but an ounce of fact.

One of the strongest anomalies of speculation is in the facility with which men are induced to take large risks on false information and manufactured "points." Considering the readiness with which a numerous class of "outside" operators buy or sell on sensational rumors, it is not surprising that the professional operators should keep the market well supplied with such decoys; and it is not easy to say which most deserves condemnation—the heedless credulity of the dupes, or the deliberate lies of the canard-makers. There is, however, a third party not less blameable than either of the foregoing. I refer to those who make it a part of their business to circulate false information. Principal among these caterers are the financial news agencies and the morning Wall Street news sheet, both specially devoted to the speculative interests that centre at the Stock Exchange. The object of these agencies is a useful one; but the public have a right to expect that when they subscribe for information upon which immense transactions may be undertaken, the utmost caution, scrutiny and fidelity should be exercised in the procurement and publication of the news. Anything that falls short of this is something worse than bad service and bad faith with subscribers; it is dishonest and mischievous. And yet it cannot be denied that much of the so-called news that reaches the public through these instrumentalities must come under this condemnation. The "points," the "puffs," the alarms and the canards, put out expressly to deceive and mislead, find a wide circulation

through these mediums, with an ease which admits of no possible justification. How far these lapses are due to the haste inseparable from the compilation of news of such a character, how far to a lack of proper sifting and caution, and how far to less culpable reasons, I do not pretend to decide; but this will be admitted by every observer, that the circulation of pseudo news is the frequent cause of incalculable losses. Nor is it alone in the matter of circulating false information that these news venders are at fault. The habit of retailing "points" in the interest of cliques, the volunteering of advice as to what people should buy and what they should sell, the strong speculative bias that runs through their editorial opinions, these things appear to most people a revolting abuse of the true functions of journalism. But patent as these things are to those educated in the ways of Wall Street, there is a large class who accept such effusions as gospel, and are easily led by them into the clutches of the sharks. It is but just, however, to acknowledge that with these very serious drawbacks, both these classes of news agencies render valuable service to Wall Street interests, and it is to be hoped that experience will convince them that their enterprises would attain a higher success through emulating a higher standard.

Another source of losses in speculation lies in the speculator not holding back a cash reserve sufficient to protect him against an adverse course of prices. Ordinarily, the man who speculates is of a sanguine temperament, and apt to take risks without sufficient provision against contingencies. Hence, it is common with inexperienced operators to use all their available resources in their original margin. The result is that, if prices go against them, they are liable to be closed out and saddled with a loss they can ill afford. Such persons should never pledge more than one-half of their available means at the beginning of a transaction; the remaining half should be kept as a guarantee against their being "sold out," or to enable them to duplicate the transaction at

the changed price, so as to make an average likely to yield a profit. The violation of this rule creates a class of weak holders, who offer a constant inducement to "room-traders" to raid the market; knowing, as they do, that when they have impaired these unsupported margins, there is sure to be a rush of selling orders calculated to break down prices. It is safe to say that if better provisions were made for keeping margins good, the power of the "bears" and the wreckers would be broken; one-half of the losses of "outside" operators would be obviated, and one-half the risks of speculation would be obliterated.

Another class especially exposed to losses are those who always operate in the same direction. Wall Street has its optimists and pessimists; they are such from a constitutional bent; and they are "bull" or "bear" in season and out of season. As a rule, those that follow a natural disposition, rather than the course of the market and the conditions that mould it, are sure to bankrupt themselves sooner or later. I do not mean to maintain that there is no chance for an operator who clings continuously to one side of the market; for in times when conditions favor higher prices there is always some profitable work to be done by the "bear" in checking excesses of a rise; and, when events favor decline, the "bull" may find his chances in intervals of excessive decline. But the man who can thus successfully steer his craft against the winds and the tides must be a thoroughly trained navigator, cool in temperment, capable of reining his natural proclivities, and above all, the possessor of means large enough to control, if necessary, the course of the market by sheer money power. It is needless to say that nine-tenths of this stereotyped class are devoid of these requisites to success. One cannot but pity the man with sallow face and sluggish gait so suggestive of the blue pill, who, when everybody else is feeling the happy impulse of a common prosperity, persists in believing that the country is going to the dogs, and steadily sells stocks

while everybody else is buying them. He is simply ruining himself through unconsciousness that he views everything through bilious spectacles. Equally is the man to be commiserated who, from a constitutional intoxication of hope, keeps on buying and holding when it is manifest that the country has passed the summit of an era of prosperity and is destined to a general reaction in trade and values. Of course, such men never remain long in Wall Street; their pockets are soon emptied, and they retire to reflect on the folly of refusing to appreciate and to follow the natural drift of the conditions that regulate values.

A minor source of losses lies in operating at times when the market is so evenly balanced between opposing forces that there is no chance for making profits. At such times, operators get disgusted at the sluggishness of the market; they change their holdings from day to day, with no advantage except to their broker; and their monthly statement shows a heavy list of charges for interest and commissions, with no offset of profits. These intervals of stagnancy sometimes run for weeks, sometimes for months; and at such times a wise speculator would take care to keep out of the market and hold himself in readiness for anything that may turn up.

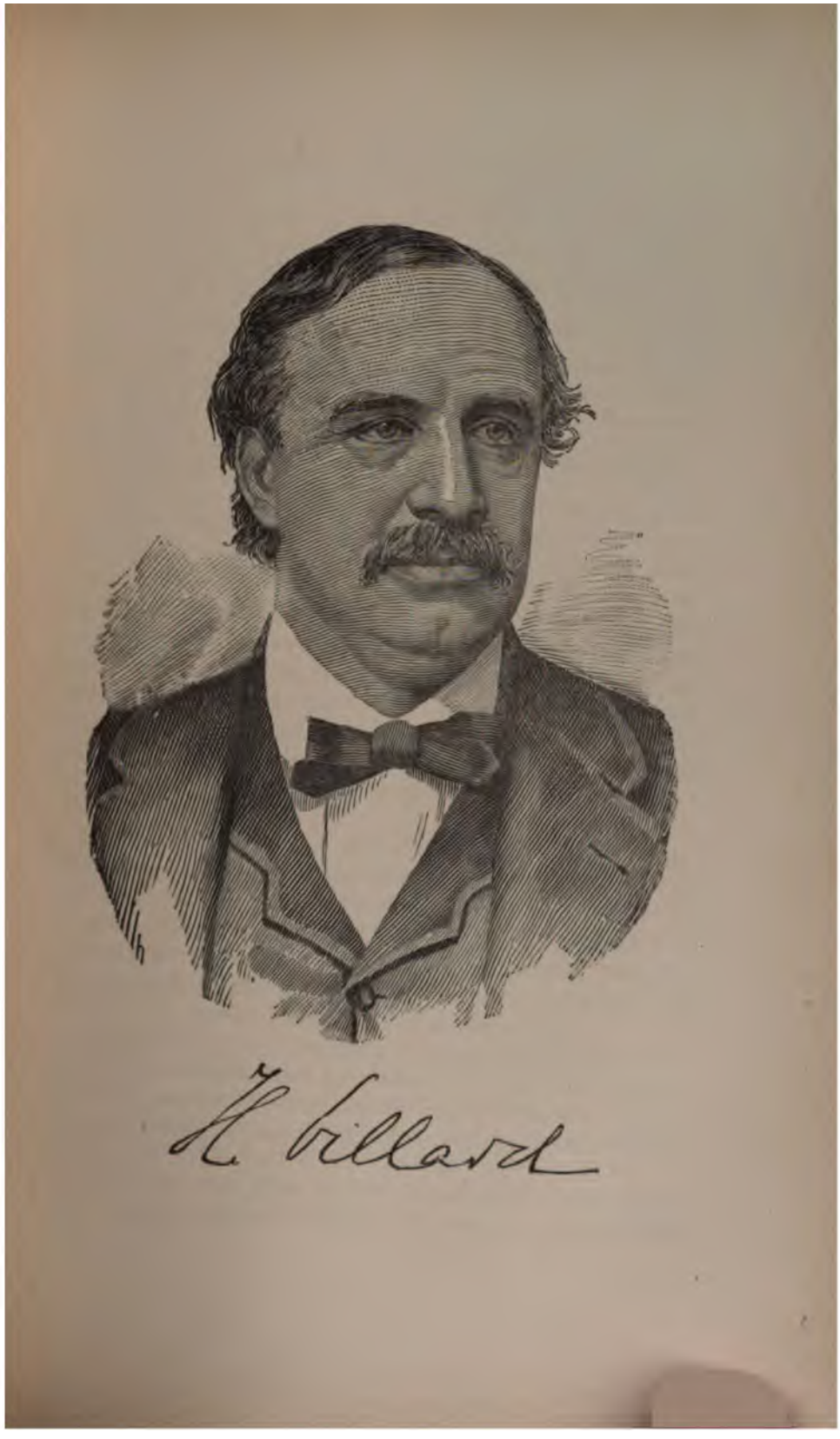
It is necessary to the avoidance of loss that the operator should maintain an intelligent watch upon the influences that control the market. Those influences are two-fold—such as are intrinsic to the market, and such as are external to it. Of the former class are those that relate to the spirit and tone of the market; the position and disposition of the cliques; the action of the large operators; the over-loaded or over-sold state of the market, as indicated by the loaning rates for stocks; the influence exerted by the upward or downward movements in stocks which at the moment are specially active; the possibility of closing out holders on "stop orders" or on the impairment of margins; the unloading of influential cliques and the covering of important lines

of short sales, &c., &c. Influences of this kind are very frequently sufficient of themselves to control the market for a considerable period in direct opposition to the tendency indicated by external conditions. It is, however, no easy matter to form a correct conclusion as to the drift resulting from this set of factors. They are so concealed and so changeful, and the symptoms are so vague, that it requires long experience, added to unusual sagacity, to determine what may be the tendency resulting from the complex action and counteraction of this set of conditions. Some exceptional operators enjoy an instinctive faculty for weighing these shadowy indications with almost unerring certainty. Such men usually care little about outside influences, except so far as they may affect the market for the moment. From the nature of the case, their transactions are apt to be brief ones, and follow quickly the momentary course of the market. They are reckoned among the most sagacious speculators, and are usually very successful. But their success is the result of a special natural gift, and therefore cannot be won by others.

The second class of influences above alluded to as external to the market are of a very broad and varied character. They embrace almost everything that affects the welfare of the country. Those, however, which are most potent are, the state of the crops; the condition of manufacturing industries; the state and propects of trade; the earnings of the transportation companies; the course of the imports and exports; the attitude of the foreign markets towards American securities; the movements of the precious metals; the condition of the London and Continental money markets; the position of the New York banks and the course of currency movements; the action of Congress, of the Legislatures and of the Courts on matters affecting the value of investments; the acts of labor unions and the drift of labor agitations, and the course of political and social issues. This may be considered a rather startling list of topics for a man to keep himself well informed upon, but there is not

one of them which may not any day become a controlling factor in the condition of the stock market. For a man, therefore, who aims to keep his knowledge abreast with his business, it is necessary that he should be a close observer of events. Undoubtedly few possess this breadth of information, and most men think it sufficient to get their knowledge as best they may when the events happen. The misfortune in such cases is, that those better informed utilize the event while the others are "getting posted." Considering how many half-informed or wholly ignorant persons engage in speculation with more or less success, it cannot be pretended that to keep informed on the foregoing set of conditions is essential to a fair degree of success. But it must be maintained that such knowledge is of incalculable value and that a man who has it is in a position to act with more intelligence, assurance and success than one without it. To those who desire to turn to account all coming changes, and to stand always prepared for the good or evil events of the future, this intelligent comprehension of the status of all the forces that make or unmake values is absolutely indispensable. And yet it is one thing to possess this information; another to know how to draw correct conclusions from it, and yet another to know how best to use it in the area of speculation. Failure at any one of these points may be fatal to success and result in disaster.

I conclude, then, that for a man to be a thoroughly equipped speculator, it is necessary that he be possessed of extraordinary parts and attainments. He must be an unceasing and intelligent observer of events at large, and a sagacious interpreter of symptoms on the Exchange; his judgment must be sound, not only as to existing conditions, but as to coming tendencies, and he must possess the calmness and nerve to face unflinchingly whatever emergencies may arise. Whoever enjoys these qualities in the highest degree must be the King of Speculators. As to others, their rank must correspond to the degree of their conformity to this ideal standard.


H. Villard

CHAPTER XXII.

VILLARD AND HIS SPECULATIONS.

RETURN OF THE RENOWNED SPECULATOR TO WALL STREET. —RECALLING THE FAMOUS "BLIND" POOL IN NORTHERN PACIFIC. — HOW VILLARD CAPTURED NORTHERN PACIFIC.—PURSUING THE TACTICS OF OLD VANDERBILT. RAISING TWELVE MILLION DOLLARS ON PAPER CREDIT — VILLARD EMERGES FROM THE "BLIND" POOL A GREAT RAILROAD MAGNATE.—HE INFLATES HIS GREAT SCHEME FROM NOTHING TO ONE HUNDRED MILLION DOLLARS.— HIS UNIQUE METHODS OF WATERING STOCK AS COMPARED WITH THOSE OF GEORGE I. SENEY.

THE return of Mr. Henry Villard to Wall Street, after two years' absence in Germany, his native land, renews the public interest in the career of that bold speculator. My reminiscences of Wall Street affairs would be incomplete without a sketch of the daring railroad operations of this gentleman, which so fully illustrate some of the evils to which I have referred in my chapter on "Railroad Methods."

The culminating point in the speculative history of Mr. Villard, which covered a period of five years, from 1879 to 1884, was the famous blind pool in Northern Pacific.

Instead of taking up the events of his life in detail, and carrying my readers to this point, I shall depart from the usual course of biography, and present the more interesting facts of the career of my hero at the beginning.

In his capture of Northern Pacific he seems to have followed the methods of the elder Vanderbilt very closely, with the important exception that he failed in the consummation of his purpose. Vanderbilt always, eventually, triumphed.

Villard was the chief agent in forming the Oregon Railway and Navigation Company, which was organized for the

purpose of consolidating the business of the Oregon Steam Navigation Company with that of the Oregon Steamship Company, and for the purpose of buying, building and operating railroads, as stated in the circular setting forth the objects of the company. The lines of the Oregon Railway and Navigation Company extended from Portland west to Wallula Junction.

The value of this property was seriously menaced by the project of the Northern Pacific to extend its lines west, with a terminus at Tacoma.

President Billings, of the Northern Pacific, rejected a proposition from Mr. Villard to accommodate the Northern Pacific by permitting it to reach the Pacific coast over the lines of the Oregon Railway Navigation Company.

It was at this juncture that Villard resorted to the old Vanderbilt tactics, by attempting to purchase stock enough of the Northern Pacific to enable him to control the property. For this purpose he formed a blind pool, in which Messrs. Woerishoffer, Pullman and Endicott, and a host of other solid men, were the original members. A fund of $8,000,000 was subscribed to purchase Northern Pacific stock. During the spring of 1881 the pool kept on buying steadily, and continued their operations until the middle of summer, when it was discovered that the treasury of the pool was almost exhausted without having effected its purpose of acquiring control of the Northern Pacific property.

Mr. Villard then called a meeting, explained matters, proposed to extend the scope of the pool's operations, and to increase its membership. By showing the enormous profits to be gleaned in the future, he succeeded in getting $12,000,000 more subscribed. This secured the control of the road, and in September, 1881, Mr. Villard was elected President of Northern Pacific.

Villard at once emerged from this blind pool into a great railroad magnate, in a manner, to the eye of the general

public, as miraculous as the springing forth of Minerva fully armed from the brain of Jupiter.

The stock of Northern Pacific advanced rapidly in price, and Villard and his friends were supposed to be accumulating millions with unprecedented celerity. Villard appeared to have realized all the financial dreams of Monte Cristo, and he was fast looming up into a proud and dangerous rival of Gould, Vanderbilt and Huntington.

He went forward with the building of the Northern Pacific road, which was finished two years after his success in capturing it through the medium of his blind pool. His phenomenal success induced him to enter largely into the extension of other investments. He became lavish in his personal expenses also, although he had formerly been accustomed to the closest economy in his mode of living, and he built a palace at Madison Avenue and Fiftieth street.

When seemingly on the highest tide of prosperity, Villard suddenly became embarrassed. and when an accounting of the cost of finishing the road was made, he was found to be away behind. There was a miscalculation of $20,000,000 somewhere. Villard explained it by declaring that the estimate of the engineers for finishing the road was $20,000,000, whereas the real cost reached $40,000,000.

For the $20,000,000 subscribed by the blind pool the subscribers received the stock of the Oregon & Transcontinental. This company had been organized to build branch lines to the Northern Pacific, as the charter of the latter did not permit it to build such lines.

This is the speculative history, in brief, of Mr. Villard from the time he took hold of the Oregon & California Railroad up to the juncture of his grand collapse. There were several incidents, however, of more than ordinary interest in his railroad history prior to the time he set his heart upon Northern Pacific. As a stock-waterer he had, probably, no superior, and was only equalled by Mr. George I. Seney, in

that important department of railroad management. His methods in obtaining control of the Oregon Steam Navigation Company and the Oregon Steamship Company amply illustrate his remarkable ability in this respect. When Villard proposed to purchase these two companies he had no money, but he had unlimited confidence in his own ability. He asked each company to give him an option to run a year for $100,000. They agreed to do this, and Villard forthwith consulted a number of capitalists, who came together and filed articles of incorporation of the Oregon Railway & Navigation Company, a consolidation of the two companies above-named. When this company, with such a high sounding name, was organized, it had no assets, and the prospects of acquiring any seemed exceedingly blue. The names of the incorporators were as follows: Henry Villard, James H. Fry, Artemus H. Holmes, Christian Bors, W. H. Starbuck and Charles E. Brotherton, all of the city and State of New York, and W. H. Corbett, C. N. Lewis, J. N. Dolph, Paul Schulze and N. Thielson, all of Portland, Oregon. The capital was nominally six million dollars, divided into 60,000 shares. This arrangement was made in June, 1879.

The next problem to be solved after the reorganization was how to raise money to run the concern.

The Board of Directors, under the management of Mr. Villard, were equal to the occasion. They met at Portland a few days after the organization and executed a mortgage to the Farmers' Loan and Trust Company of New York, and under this mortgage issued 6,000 bonds of $1,000 each, payable in thirty years after July 1, 1879, with interest at 6 per cent.

Mr. Villard then paid the $100,000 bonus money to the companies which had been incorporated, took his option, stock and bonds and came East to negotiate his securities. It is said he presented them to Jay Gould, who refused to touch them, as he believed there was not much stamina in

the scheme, and he wished to avoid trouble with the Northern Pacific, which he plainly saw the project involved. Villard was more fortunate with Mr. Endicott, Jr., of Boston, Mr. George Pullman and others whom they interested in the enterprise.

The property of the two companies, out of which the new company had been formed, whose securities were so boldly placed upon the market, was not in reality purchased until March of the following year.

After the organization was complete, the visible assets of the Oregon Railway and Navigation Company did not exceed $3,500,000, while the total liabilities amounted to $21,000,000. This was made up as follows:

Original stock	$6,000,000
Water	3,000,000
Water	6,000,000
Mortgage bonds	6,000,000

It will thus be seen that there were seven dollars of liabilities for every dollar of assets, and the intrinsic value of the stock was represented by a minus quantity of 20 per cent., having no positive value at all. In other words, it was 20 per cent. worse than nothing.

In spite of these facts, however, Mr. Villard had the stock listed at the Stock Exchange, and through a carefully prepared report, showing immense and unprecedented earnings, he had the stock bulled up to 200. It was when it reached this high figure that the $9,000,000 of water (noted before) were thrown in to prevent it from becoming top-heavy.

This was the preparatory and successful process of watering which preceded the transactions of Mr. Villard on a more magnificent scale in his manipulation of Northern Pacific, as described at the opening of this chapter. Mr. Villard excelled Mr. Seney in one respect which is noteworthy. As I have shown in a former chapter, Mr. Seney poured the water in lavishly at the reorganization, and prior to having his properties listed on the Stock Exchange.

Villard improved upon this process by employing Seney's

method liberally in the first instance, and also by a free and copious dilution after the stocks had been inflated to the very point of bursting.

There is probably no instance in the whole history of railway manipulation in which a man has presented to the public, and with such amazing success, such a specious appearance of possessing solid capital where so little existed in reality.

He began with nothing in 1879 and succeeded in the course of a year in possessing himself, by various adroit methods, as described, of $3,500,000 of assets in railroad securities. With this as a basis of operation, in five years he managed to obtain temporary control of property aggregating in value over $1,000 000,000.

CHAPTER XXIII.

FERDINAND WARD.

PECULIAR POWER AND METHODS OF THE PRINCE OF SWINDLERS.—HOW HE DUPED ASTUTE FINANCIERS AND BUSINESS MEN OF ALL SORTS, AND SECURED THE SUPPORT OF EMINENT STATESMEN AND LEADING BANK OFFICERS, WHOM HE ROBBED OF MILLIONS OF MONEY.—THE MOST ARTFUL DODGER OF MODERN TIMES.—THE TRUTH OF THE SWINDLE PRACTICED UPON GENERAL GRANT AND HIS FAMILY.

IN making a fair estimate of the part that Ferdinand Ward, of the firm of Grant & Ward, played in the panic of 1884, I can only say that Ward's methods, taken altogether in their conception and execution, constituted a huge confidence game. He built up confidence by deceiving a few eminent men in financial and social circles, who, from his insinuating and plausible demeanor, were induced to place reliance upon his representations.

His presence was magnetic, and his manner deceitfully unassuming. He had the art of dissembling in great perfection and was possessed of extraordinarily persuasive powers, without appearing to have any selfish object in view. So highly developed in him were these social gifts, through the power of cultivation, that he could convince his unhappy victims that he was actuated with a single purpose for their welfare.

By practicing in this way on the credulity of certain people, Ward managed to get into his hands, for his own personal use, sums of money aggregating millions. Some of the richest financiers became his victims, chiefly induced by promises of high rates of interest and large profits on various ventures.

Ward would ascertain the names and circumstances of cer

tain people who had large balances in their banks and were unable to make satisfactory and paying investments with them. He would bring certain influences to bear upon them to take their money out of the bank and invest it through him in "Government contracts," which he said afforded immense returns, but were of a delicate character, and required some secrecy in the manipulation. This circumstance naturally prevented him from going into an explanation of the details of the enterprise, which it was not necessary for the investors to know when their profits were secured through such a stable investment. It was sufficient for them to be assured that the returns would be very large.

As an instance of the successful manner in which Ward's specious pretences worked, I will relate the experience of one gentleman who deposited $50,000 with him, on the strength of these representations—just as an experiment.

This gentleman was going on a trip to Europe and he left the amount stated in the possession of Mr. Ward to be used to the best possible advantage during his absence, and invested in his own way.

About six months after the date of this deposit, the gentleman returned from Europe and called at the office of Grant & Ward to learn what progress had been made with his investment. He saw Ward, and called his attention to the fact.

The young Napoleon of finance recollected the appearance of his customer at a glance, for he is admirably developed in what phrenologists term individuality, and never forgets a face, but in the immense rush of his speculative business he had forgotten the circumstance until he referred to his books. He was but a few minutes absent in the interior office when he returned and informed the gentleman that his $50,000 had been invested with the ordinary turn of luck that usually accrued under his management, and he was very happy to be able to hand him a check for $250,000,

after deducting the ordinary commission, as the result of the investment.

The man was overpowered with this unexpected turn of luck, and the enormous profits taxed his credulity to its utmost capacity. This was a speculative mine that he had never dreamed of, and instead of sleeping any that night he set his entire mind to calculate the profits on $250,000 in the same ratio that his $50,000 investment had been transformed into this amount.

It required very little mathematical knowledge to arrive at the conclusion that with such another turn of speculative prosperity, he would, within the next six months, be a millionaire and have the original investment left intact. Then if he should make this on three turns, which seemed not unlikely, when he should be present to look after his own business, he might pile up millions by the dozen.

The mind of this fortunate speculator being filled with such thoughts as these, he lost no time after breakfast in taking the train on the elevated road and arrived at Ward's office before business had begun. When Ward arrived he met his customer with a gracious smile, took the check in the most handsome manner and made a note of it in his book.

The investor had not very long to wait this time before he knew the result of his venture. It was only a few days prior to the 12th of May, 1884, at which date the failures of Grant & Ward and the Marine Bank were announced in Wall Street, as the *avant courier* of a sudden panic. So, the only thing that interfered with the second check producing similar results to those of the first, was the unfortunate panic, but of course Mr. Ward could tell his customer that he was not responsible for that.

In this connection an important financial question arises. Would there have been any panic had it not been for Ward, Fish, Eno & Co.? However this may be, there is one thing very evident, namely, that Mr. Ward must be

accorded the power of ability to control men with whom he came in contact in a remarkable manner, and of being able to get the best of them in all financial matters. Old and astute financiers, who were considered experts in every method of speculation, and who knew all the artifices of making a sharp bargain, became helpless in the mystical presence of Ward, and were completely non-plussed by his superior acumen in taking advantage of every situation that offered the least opportunity of practicing his peculiar methods of chicanery and fraud.

Ward seems to have been very much of a mind reader. He knew when he passed that check over to the gentleman referred to, for $250,000, that it would come back again, that it would keep burning that man's pocket while he kept it there, and that sooner or later he was bound to return it to the mysterious place of its issue. Doubtless this was not the first case that Ward had experimented upon in this way. He had evidently made a regular practice of it, and could calculate the proportion of his victims with as much accuracy as tables of mortality are made out for insurance companies. There was no blind chance about Ferdinand's methods. He worked according to a rule, having calculated to a nicety the exceptions that proved it, and his success showed that he had not wasted much time over stubborn cases.

Ward displayed marvellous tact in discovering, at a glance, those who were sufficiently credulous to be entrapped into acquiescence with his schemes, and manifested great executive ability in pouncing upon his prey at the proper moment. His methods of operation were admirably suited to his purposes. He saw, for instance, that this man would not put the money in any other kind of investment, and would not be likely to operate, except through Ward himself, as no other man could be found anywhere who could make himself the instrument of realizing such stupendous returns for the money invested.

It is marvellous how the idea of large profits, when presented to the mind in a plausible light, has the effect of stifling suspicion.

The specious pretexts of Ward appeared equal to the task of overcoming the most obdurate cases of incredulity. So, it is not so singular, after all, that men utterly unacquainted with business methods and sharp practice in speculation, were so easily victimized by the sinister methods, conciliatory manners and seductive schemes of this consummate imposter.

Ward was so successful in his arts of persuasion that he could not only succeed in getting possession of all the available capital, for his own practical use, of many eminent financiers, but he had the power of transforming them into walking advertisements for the promotion of his nefarious designs, and turned them to the best account in drumming up business and customers for him while they were blissfully ignorant that they were all the time the subservient mediums of swindling projects. In fact, they made themselves the willing instruments of "roping" in others for Ward's purposes, inspired by the purest motives of gratitude toward him as their confidential broker and benefactor.

In this way General Grant and his sons became the helpless victims of Ward's deeply designing duplicity.

People who have blamed General Grant fail to reflect on the fact that the famous soldier and able tactician was no better than a raw recruit in the hands of a disciplined warrior when he was placed in contact with Ferdinand Ward's superior financial tactics.

One great point in the confidence game worked on joint account between Fish and Ward was to obtain men of well known reputation to vouch for the genuiness of the enterprises in which they were engaged. This enabled them to solidify and extend their credit. It was for this purpose that General Grant was inveigled into signing the well-known letter No. 2, addressed to Fish, which has been the subject

of so much criticism and comment. Following is a copy of this letter :

No. 2 Wall Street,
Room 6,
NEW YORK, July 6, 1882.

MY DEAR MR. FISH :—In relation to the matter of discounts, kindly made by you for account of Grant & Ward, I would say that I think the investments are safe, and I am willing that Mr. Ward should derive what profit he can for the firm that the use of my name and influence may bring.

Yours very truly,
U. S. GRANT.

This letter was written in answer to one from Jas. D. Fish, President of the Marine Bank, saying he had negotiated notes for the benefit of Grant & Ward, to the amount of $200,000. He said in explanation: "Those notes, as I understand it, are given for no other purpose than to raise money for the payment of grain, &c., to fill the Government contracts."

This letter, signed by General Grant was designated by his counsel as " only an ordinary letter in the course of business," and that is all it is where a man placed confidence in another as General Grant did in Ward and Fish.

It was Ward who wrote the letter, through the instruction of Fish, and got General Grant to sign it.

In an interview with a reporter of the New York *World*, in July last, Ward explained the circumstances under which the letter was signed, as follows :

"Do you know anything about that letter addressed to Mr. Fish and signed by Gen. Grant, regarding the Government contracts?" asked the reporter.

"Of course I do," quickly replied Ward. "I made the original draft. It was by Mr. Fish's direction, and he asked me to do it, suggesting what I should write. He had had some trouble in getting Grant & Ward's paper discounted, for he attended to that and raised millions of dollars. He wanted something to show to Mr. Cox, President of the Mechanic's Bank, and others from whom he tried to get money for the firm. The contract business was the great

thing, and he said if he only had something from the General to show that he knew about the contracts, it would be easier for him to go to these men. I distinctly remember the circumstances under which this letter was prepared. Fish gave me an idea what it ought to be like and I wrote it. Then Mr. Fish went over it and made some corrections in his own handwriting. It was scrawled on a piece of paper that happened to be handy in the office, and after he had it to suit him he handed it to me and I gave it to Spencer, our cashier, to copy. I am not sure but that I have got that draft somewhere among my papers. I think I have seen it since the failure, and if it is still in existence it can plainly be seen that Mr. Fish knew all about it before it received Gen. Grant's signature. The General was in the habit of signing papers I asked him to without paying much attention to what they were. So when I asked him to sign this one he did so without much if any questioning. I understood well enough what Fish wanted it for, because he told me, and I have no doubt that Mr. Cox and other gentlemen from whom he borrowed money saw the letter."

CHAPTER XXIV.

HENRY N. SMITH.

How Mr. Smith Started in Life and became a Successful Operator.—His connection with the Tweed "Ring," and how he and the Famous "Boss" made Lucky Speculations, through the use of the City Funds, in Making a Tight Money Market.—On the Verge of Ruin in a Pool with W. K. Vanderbilt.—He is Converted to the Bear Side by Woerishoffer, and Again Makes Money, but by Persistence in his Bearish Policy Ruins himself and Drags Wm. Heath & Co. down also.

I HAVE already had occasion to speak of Henry N. Smith, who was a member of the firm of Smith, Gould & Martin, but I consider him of sufficient importance, speculatively speaking, for a separate biographical sketch.

This gentleman is a native of Buffalo, and had been in the mercantile business there before coming to Wall Street. He was familiarly known as the young man from Buffalo. He had then a decidedly Hebrew aspect; was a strawberry blonde, with full beard of auburn hue, sharp, piercing eyes, and an air of self-confidence. He had made some money in Buffalo, and was lucky in his first ventures in Wall Street, being one of the few who emerged from the panic of 1864 on the winning side. Smith became a bold operator, and accumulated considerable money. He was invariably successful in his transactions whenever he was governed by his own judgment. The first disaster overtook him in the panic of 1873. Immediately prior to that he had been under the influence of Commodore Vanderbilt, who put him into Western Union, and the loss which he sustained by its terrible fall in that year almost ruined him. He lost all his ready money, being left without anything but his New York residence and a stock farm.

He did not lose courage, however, by this speculative blow, but picked himself up again and soon became quite a power in the Street, and in spite of the ups and downs of speculation and the various panics, Smith kept clearly ahead of the market for many years, and became a successful and comparatively wealthy operator.

He always managed to ingratiate himself with wealthy connections in his various operations, and was able to command an enormous amount of credit in comparison with his actual means.

A few years ago, on his return from Europe, he met W. K. Vanderbilt, and they began to discuss the probable future of the market. Vanderbilt had been a bull for some time previously. They entered into an agreement to operate on the bull side together. The result was that Vanderbilt lost several millions, and came pretty near running the risk of exhausting a large part of his then anticipated share of his father's estate. The deal was disastrous to Smith also.

Soon after this discomfiture, one day, on his way to Long Branch, Mr. Smith met the late Mr. Woerishoffer, who was the great bear on the market, while Smith and Vanderbilt were still then the leading bulls. Woerishoffer succeeded in convincing Smith that his position on the market was wrong—that he had better make a clean sweep of it in selling out the stocks which he held, and join hands with him on the bear side.

Smith was impressed with Woerishoffer's advice, earnestness and personality.

The great bear was also in a position to back up his theory by examples of his success, the best and most convincing argument that could possibly be employed, especially by a Wall Street speculator. As the result of this bearish counsel, Smith soon recuperated from the effect of his former losses, and, in consequence, got bearish notions so badly on the brain that he was prepared to swear by Woerishoffer's judgment, and considered his own equally

infallible. He could see nothing but disaster ahead any more than his general, and was recklessly prepared to follow wherever the champion bear should lead in the destruction of values.

Smith seemed to have the same abiding faith in Woerishoffer that Ignatius Loyola reposed in the Pope of his day. "If the Holy Father," said that eminent Jesuit, "should command me to row several leagues into the ocean in an open boat, in the midst of a terrific gale, I should straightway obey his mandate without asking why or wherefore."

Such is hardly an exaggerated illustration of the thorough appreciation which Smith entertained of the perfection of Woerishoffer's bearish discipline, and the exact certitude of his judgment in all matters of a speculative character. It is almost impossible for a man who has had no experience in Wall Street matters to estimate the extremes of fanaticism in speculation to which a man is prepared to go when he is seized with a monomania either on the bull or the bear side, but especially on the latter.

The evidence of his senses counts for nothing, and the evidence of other people's senses, if possible, goes for less. He is a consistent bull or bear, as the case may be, and that settles it. He is Sir Oracle on the stock market, and when he speaks let no dog bark.

This inveterate combination of egotism and fanaticism has ruined many hundreds, to my own knowledge. The disease is contagious, and Smith had a very obstinate form of it. His symptoms were even worse than those of Woerishoffer, by whom he was smitten, a peculiarity that very often occurs in the recipient of this financial malady.

Like Woerishoffer, Smith fought the market with desperation on every advance. He adhered steadily to the policy of attacking prices on every rally during the summer of 1885, while values were constantly advancing, with occasional healthy reactions. When his own money was exhausted he

began to incur cumulative liabilities with the house of Wm. Heath & Co., until that famous firm had become almost depleted of its available resources in replacing margins as fast as they were wiped out by the persistent tide of advancing prices in speculation.

Thus Mr. Smith proceeded, in obedience to the spirit of bearish fanaticism, until his loss became so great that he not only had to pay out all his own money, but was in debt to the firm of Wm. Heath & Co. in a million dollars, which was the cause of their failure, and which crippled or caused to collapse several smaller houses.

When Mr. Smith appeared before the Governing Committee of the Stock Exchange to make application for the extension of time on his seat, he made the following extraordinary statement: "On January 1, 1885, I was worth $1,400,000. I had $1,100,000 in money, and the balance, $300,000, in good real estate. On the following January I had lost the whole amount, and was $1,200,000 in debt, a million of which I owed to Wm. Heath & Co."

Many people were surprised that Mr. Smith was enabled to obtain such an enormous and unlimited amount of credit in one house. I took the ground at the time, and I am still of the same opinion, that the animal magnetism or psychologic power of Henry N. Smith over the elder Heath was the real cause of all the trouble.

Mr. Heath had been in bad health for some time, consequently he left the general management of the business to Mr. McCanless, the head clerk and general manager of the firm, through whom the orders of Mr. Heath were strictly executed.

Mr. Heath being weak in both body and mind, yielded his opinions to those of Mr. Smith, by virtue of the superior mental force of the latter.

In conducting a large Wall Street business it is necessary that a man should have the mental stamina to say "no" firmly, and stand to it. In order to be able to do this he must be backed up by a vigorous, healthy physique.

The power to utter a negative in a determined manner requires, generally, a fair degree of physical force, and it is absolutely necessary to the success of a Wall Street broker that he should be able to do it when occasion requires. A deficiency either in will power or physical force to pronounce this small negative distinctly and firmly may result in financial ruin, as it did in the case of Wm. Heath & Co.

Henry Nelson Smith made many successful turns in speculation during the Tweed regime, owing to the facilities which the municipal bankers belonging to that famous coterie afforded him for manipulating the money market.

There were great fluctuations in stocks while William Marcy Tweed was the power behind the throne in the government of the city of New York. Mr. Tweed contributed largely towards these fluctuations. He and his trusty companions pulled the wires at the City Hall while the puppets in several of the brokers' offices in the vicinity of Wall Street danced to the sweet will of the managers in the municipal building.

One of Tweed's three famous maxims was, "The way to have power is to take it." The other two were, "He is human," and "What are you going to do about it?" In conformity with the first maxim, Mr. Tweed took control of the city funds, besides a number of the city savings banks, and other financial institutions, which he had organized through special charters from the Legislature, which he also owned during the period of his Boss-ship.

These funds were so managed that a very tight squeeze could, at almost any time, be effected in the money market. The city funds on hand were, at that time, usually about from six to eight millions of dollars, and were deposited in the banking institutions of the "Boss." They were ostensibly under the control of the City Chamberlain, who was under the control of Tweed.

Henry N. Smith and a few other favorite members of the syndicate would draw their balances from these banks,

making money scarce to the general public, and the money market would suffer a sudden squeeze, and consequently the stock market would break, sometimes with such rapidity as to produce disastrous results to a number of brokers, business houses and other financial concerns outside the Tweed Ring.

On one of these occasions Mr. Smith drove up to the Tenth National Bank, the Black Friday ring institution, in a cab, and drew his balance therefrom, amounting to $4,100,000. He took it home and kept it there several days under lock and key. In the meantime Mr. Tweed and his companions withdrew from circulation the greater portion of the amount under their immediate control, making a tie-up, on the whole, of nearly twenty millions of dollars. At that time this was an amount sufficient to make a very stringent money market, and cause Wall Street operators to feel very uncomfortable. It was then a mighty power to be wielded by a few unscrupulous men. At that time Mr. Smith considered himself worth at least five million dollars. He lost most of this in the panic of 1873, largely in Western Union stock, as above stated, into which Commodore Vanderbilt had kindly put him.

I have referred to the prominent part which Mr. Smith played in the great speculative drama of Black Friday, in the scenes and incidents of my chapter on that ever-to-be-remembered day in Wall Street.

I shall, in another chapter, briefly review some of the methods to which the Tweed Ring resorted to make speculation and politics play into each other's hands, and show how a bold attempt was made to add the control of the National Treasury to that of New York.

CHAPTER XXV.

KEENE'S CAREER.

He Starts in Speculation as a California Broker.—A Lucky Hit in a Mining Stock Puts Him on the Road to be a Millionaire.—His Speculative Encounter with the Bonanza Kings.—He Makes Four Millions, Starts for Europe and Stops at Wall Street, Where He Forms an Alliance With Gould, Who "Euchres" Him and Others.—Selover Drops Gould in an Area Way.—Keene Goes Alone and Adds Nine Millions More to His Fortune.—He Then Speculates Recklessly in Everything.—Suffers a Sudden Reversal and Gets Swamped.—Overwhelming Disaster in a Bear Campaign, Led by Gould and Cammack, in Which Keene Loses Seven Millions.—His Desperate Attempts to Recover a Part Entail Further Losses, and He Approaches the End of His Thirteen Millions.—His Princely Liberality and Social Relations with Sam Ward.

ONE of the most remarkable up-and-down lives known to Wall Street is that of James R. Keene. His rise and fall are both of recent date.

Mr. Keene is of English parentage, and was born in London, about 48 years ago. He came to this country at the age of 17, lived in the South and studied law there. He removed to San Francisco in 1853, and became well informed in mining matters through several mining cases that were put into his hands while practising at the bar in that city. I am told he was also connected with a Western newspaper for some time. He caught the speculative fever shortly after his arrival in California, and, as it seems, abandoned both law and journalism to become a broker.

Keene had hard work for some time to make both ends meet, and his struggle for existence in the wild West

made serious inroads on his health. His physician told him he must give up work, and advised him to take a long sea voyage if he intended to prolong his life. Acting on this advice, he secured his passage to the East. This was the turning point in both his health and fortune.

Prior to his departure, Mr. Keene was urged to invest a few hundred dollars in a mining stock then selling very low. The length of his journey and the change of scene caused him almost to forget about his investment, and the methods of communication between the far West and the far East in those days were so very slow that he had hardly any chance of being informed of his lucky venture until his return. As an illustration of this slow transit of news at that time, it may be stated that gold was discovered January 19, 1848, but the news did not reach the Eastern States until the following December. It was authoritatively announced in the President's annual message, and created great excitement. Mr. Alfred Robinson, with about twenty companions, were the first to leave New York for the scene of the new El Dorado, on the bark " John Benton."

After nearly a year's absence Keene was surprised to find, on his return, that mining stocks had taken a prodigious bound upward and carried the one in which he had invested with them. The mine had turned out to be a veritable bonanza, and the stock which had cost him only a few hundred dollars was then worth over $200,000.

Had Mr. Keene's health not required his absence from the scene of speculation the chances are that he would have disposed of his stock as soon as it should have realized a few thousand dollars.

This was a wonderful realization for one who had been comparatively poor, and was sufficient to turn the head of any ordinary man; but it only made Keene more anxious for greater success, which he set himself diligently to achieve.

The speculative craze was then intense and epidemic.

Waiters and chambermaids bloomed into millionaires with the rapidity of mushroom growth Mr. Keene secured a seat in the Board, and began to do an immense business.

Flood, Mackay, Fair and O'Brien were then the prominent operators. The speculative contagion spread rapidly over the coast, and soon imparted its influence to the entire continent. Keene's further investments were crowned with similar success to that of his first venture, and even in a greater ratio of profit.

Seeing the great and rapid advance in the stocks of the Comstock mines, he naturally reasoned, like old Daniel Drew, that what had gone up so high and so fast was bound to come down. There were but few people on the coast at that time, however, in a mood to reason so soberly, and it required more than ordinary nerve to make the experiment of selling "short." Mr. Keene, however, had the courage of his convictions, and made an onslaught upon the market.

There was a strong contingent to oppose him, for the wealthy syndicate just named, with the Bank of California behind them, were his bitter foes, and they did their best to crush him. In spite of their efforts, however, the market began to yield under the pressure of Keene's "short" sales. In a little while the list gave way and stocks began to topple from their dizzy eminence, even quicker than they had climbed to that unprecedented height. Keene netted millions in their fall. He cleared two and a-half millions in the Belcher and Crown Point mines, and over half a million in Ophir.

So, in a few years, this poor lawyer, journalist, curb-stone broker and invalid, found himself the happy possessor of millions, his name covered with speculative glory, and the fame of his fabulous fortune heralded in every city, town, hamlet and mining camp between the two oceans.

Keene was still found on the right side of the market when the great bubble burst, when the Bank of California went under, and its president, Mr. Ralston, committed

suicide while pretending to take a bath in the Pacific Ocean.

In 1877 Mr. Keene started on a voyage for Europe for the good of his health, and made a friendly call in Wall Street to see how business was transacted there. He found the speculative attraction irresistible. Mahomet had come to the mountain and was held by its magnetic power.

Although Mr. Keene had been a grand success in California, he had a good deal to learn when he came to Wall Street. He soon discovered that California tactics would not do here. He began to sell "short," but found the market failed to yield to the touch of his bearish wand as it had done in San Francisco. When he sold ten thousand shares of a certain stock the decline, instead of being a slump, as he expected, was only an insignificant fraction, and the market soon reacted. Mr. Keene quickly discovered that he was throwing water into a sieve, and stopped sacrificing his California gold so lavishly.

A pool was then formed by Mr. Keene and Jay Gould to put down Western Union. Keene and Selover sold the stock in large blocks, but it was absorbed by some party or parties unknown as fast as it was thrown out. It was gravely suspected that Mr. Gould was the wicked partner who was playing this absorbing game behind the scenes. Major Selover brooded over the matter so seriously that his suspicions began to take tangible form and "body themselves forth" in violence.

The Major and Keene met one morning at the rear entrance of the Stock Exchange, in New street, and interchanged intelligent glances on the subject, after the fashion of those passed between Bill Nye and his companion at the card table with the Heathen Chinee. Selover walked down the street with blood in his eye, and meeting Mr. Gould on the corner of New street and Exchange Place, caught him up by the collar of the coat and a part of his pants and dropped him in the area way of a barber's shop.

The little man promptly picked himself up, went quietly to his office, and made a transaction by which Selover lost $15,000 more. This was his method of retaliation.

Mr. Keene next went into the Atlantic and Pacific Telegraph pool, and was again fortunate. It has been frequently asserted that he lost heavily in this deal, but I have it on good authority that he came out ahead. In the deal with Gould in Western Union, he and Gould netted on joint account $1,300,000. It is popularly believed that Gould "euchred" Keene in this pool, but these are the bare facts.

Keene looked over the speculative field, and found that there had been great depreciation in values prevailing here since the panic of 1873. He had arrived in the nick of time to take advantage of the situation. He was backed by four millions of money, and the few losses which he at first sustained were not felt by him, and only seemed to initiate him properly.

This new blood was just what Wall Street then wanted to put the wheels of speculation in motion. Mr Keene informed himself about the principal stocks dealt in at the Exchange. He did so with remarkable rapidity. They were all down to panic prices, and seeing that most of them were intrinsically cheap, he bought heavily. Soon the turn came which resulted in the high tide of speculation which continued with but slight reactions all through 1879-80.

The advance was immense, as can be seen in the tabular statement at the end of this book, and the profits were enormous.

Keene's millions were doubled and trebled. He must have felt himself a modern Crœsus.

Fully nine millions were added to the four which he brought from California. He stood in the centre of that great pile, figurately speaking, the cynosure of all eyes from Maine to California, and his fame was noised abroad in Europe.

Gould and other old speculators began to grow green with

envy at Keene's unprecedented success. He seemed likely to exceed the wildest dreams that ever the avarice of Monte Cristo or Daniel Drew had conjured up, and with him the imaginary profits of Col. Sellers had become material realities. His investments were nearly all in good, reliable securities. No dubious paper acceptances nor rotten railroad items were mixed up with his tangible fortune, which was without parallel in Wall Street for its size and rapidity of accumulation.

The history of speculation was ransacked in vain for an illustration of such amazing success in so short a period. But here, I regret to say, this marvellous prosperity ends.

In an evil hour Mr. Keene was induced to spread himself out all over creation, while he still retained his immense interest in stocks. He was so flushed with successive victories that he began to regard failure impossible, and thought he was a man of destiny in speculation, such as Napoleon considered himself in war. He speculated in everything that came along—in wheat, lard, opium and fast horses.

Keene's attempt to get a corner in all the grain in the country, however, was a signal failure. The very week that Foxhall won the Grand Prix in Paris he himself was sadly beaten in the speculative race by the steady going farmers of the West, who sent their wheat to market quicker than he could purchase it with his thirteen million dollars, and all the credit which that implied.

All of a sudden, reversal in the tide of speculation set in. Mr. Cammack was quick to perceive that Mr. Keene was extending his lines and his ventures. He had a conversation with Mr. Gould. They became convinced that the Californian must soon be obliged to leave some of his enterprises in a weak and unguarded position. It was impossible that he could take care of them all. These two champion bears united their efforts to upset the market, and each day brought additional force to their aid. By dint of persever-

ance their efforts commenced to bear fruit, and it was apparent that they would soon be rewarded with success. The bears began to multiply while the bulls diminished, and the remnant of the latter that were left were anything but rampant at that time.

The bankers became timid. The brokers were inspired with the same spirit and were still calling out for more margin. Loans were called in as a part of the programme of a bear campaign, and all the machinery of depressson was put in active motion. Prices were torn to pieces. Properties that had been considered good as solid investments for a long turn, were mercilessly raided, and some of them shattered to fragments. In fact, there was a regular panic. In the general slaughter, many of the brokers sold Mr. Keene's stocks out. His wheat was also sold in immense quantities at great sacrifice, and his load was lightened all around, even more quickly than it had been heaped up.

His losses are said to have amounted to seven millions of dollars at this time.

The manly efforts of Mr. Keene to recover these losses, as is usually the case in such instances, only resulted in further misfortune. Disaster followed disaster, and as he became desperate in his efforts to get back something, his losses became constantly greater, until nearly the whole of his immense pile was buried in fruitless efforts to recover a portion of it.

Great sympathy has been felt in Wall Street for Keene since his failure, for the Street had never before found such a liberal man. By general consent he decidedly took the palm in this respect, not only from all his speculative contemporaries, but the archives of Wall Street since the days of the first meetings of the brokers in the Tontine Coffee House, opposite the sycamore tree, early in the century, can furnish no such parallel of princely liberality as that of James R. Keene during the period of his matchless prosperity.

The parasites that waxed fat on his bounty and business are numerous. At least a score of Wall Street brokers were raised from penury to wealth by the commissions which they made out of him. Many of them are to-day living in luxury who started with a desk and a few plain office chairs to do business for the California millionaire, and now he is comparatively poor, and thrown on the slender resources of his wife.

Keene arose from nil to be worth thirteen millions. He is now back where he started.

A full and correct history of Keene's beneficences would fill this volume, and however much I admire him, I cannot afford to give him so much space.

I shall relate one remarkable instance of his unbounded generosity, however, as the object has been so universally known, and was himself such a popular society man.

Long prior to Mr. Keene's advent in Wall Street, Sam Ward had been a conspicuous figure in Washington and Wall Street, and had acquired a society reputation in Europe.

This gentleman was originally forced into prominence by his marriage with Miss Astor.

Mr. Ward had changed from one thing to another until finally he took up his abode in Washington, and became a lobbyist.

When Mr. Keene came to New York with his four millions of dollars, which he had made when the majority of New York investors had been on the losing side, dropping their money almost as fast as water runs down hill, through the unprecedented shrinkage in values, there was a wide field for profitable investment. This shrinkage had been going on from the panic of 1873, step by step downward until 1878, when society had reached a stratum by dint of levelling down that placed almost everybody upon an equality. Property, in many instances, became a serious encumbrance instead of a benefit, and many were glad to be

rid of the responsibility of their holdings for what was sufficient to settle the mortgage. Everybody felt poor, and was really so, with a few fortunate exceptions.

Mr. Keene arrived here at the most fortunate moment for investment. Everything was down to bed-rock prices. He, therefore, became an object of actual curiosity, and was as much of a lion in our midst as he had been in San Francisco.

He was not only the favorite of fortune, but a favorite of society, which generally go together with curious inconsistency in our social democracy.

One of the first acquaintances Mr. Keene made on his arrival was this great society man, the celebrated Sam Ward, who at once recognized his social worth, not only in dollars and cents, but in considerable liabilities, genuine representatives of dollars and cents. The more tangibly he realized this fact the more tenacious was his attachment, until Mr. Keene found Mr. Ward the very *beau ideal* of Scriptural fraternity, namely, "a friend that sticketh closer than a brother."

Wherever Keene appeared, though apparently alone, it was safe to bet that Ward's shadow could soon be seen.

It is said of Seneca, when he observed a house falling, and nobody near it, that he asked: "Where is the woman?" So Keene's presence naturally suggested Ward to the mental vision of every Wall Street man and every sporting man.

Whether it was up-town or down-town, at Newport, or in London, at the Derby, or the Grand Prix, it was all the same, where Keene was, there Ward soon appeared with the promptitude of the genius that stood before Aladdin when he touched his wonderful lamp or rubbed his magic ring.

This self-sacrificing friendship and ardent devotion on the part of Mr. Ward was recognized by Mr. Keene in the most tangible manner. He made an investment for his protege, of $50,000 in solid securities, placing them in the hands of trustees, so that his ward received the income therefrom of three thousand dollars, as an annuity, for life.

Mr. Keene bestowed numerous benefits on other newly made acquaintances, of which this is a fair sample.

A Pacific coast biographer draws the following graphic sketch of Keene, some time after his departure from California, which is curious reading in the light of the events which I have related:

"No series of sketches of men, prominently identified with the stock interests of the Pacific coast, would be complete without a pen portrait of James R. Keene, the free lance operator of the San Francisco stock market, who dared to beard the Bonanza Kings in their den, and came off victorious with many shekels of gold and silver. Mr. Keene is no longer with us. Some time since, after having realized largely on his stock ventures, he concluded to take a trip East, to be extended to Europe, unless on the Atlantic seashore he regained the health which too active exertions on the Pacific had impaired. And so he went with his family. Those who bade him God-speed expected to see him return within a few months, certainly within a year, with recovered health, new ambitions, new conquests to make. But he comes not. New York has presented more attractions than his old love, San Francisco. Railroad stocks, Jay Gould, Sam Ward, Rufus Hatch, Long Branch, Trenor W. Park, Newport, have been too many attractions for Jim Keene. He fell into the New York market as easily as any man generally falls among thieves—but he seems to have got the best of the thieves in every issue. When it was rumored that Keene contemplated making Wall Street his headquarters, his old San Francisco friends generally wrote out their calendars, and figured up when 'Jim' would be back, bursted out and out, looking for a job. A few who had abiding faith in Keene, who knew his pluck, who had gauged his capacities, who had measured his horse sense, consulted their calendars and said: 'Jim is gone! He never will come back to couch his lance in such a narrow field as ours. New York is big, Wall Street is big—just about the size of institutions that Keene wants to tackle.' The few were right. Keene hasn't come back to look for a job. He has tried conclusions with the smartest of the Wall Street operators, and, novice that he was, came out triumphant. The California goose that was to be plucked wasn't plucked. Even Jay Gould, with all his shrewdness, gave it up as a bad job;

and Vanderbilt condescends to confer with Keene on momentous occasions.

"Keene started in his career as a stock operator years ago in San Francisco. He first was conspicuous as an impulsive, dare devil sort of a street broker, acting for big firms, with an occasional dash for liberty and himself. Gradually he worked his way from steerage to cabin, from the private's ranks to the position of the lieutenant of the watch, then to officer of the day, and finally, boss of the stock concern. No man in the stock market exercised so much influence as Mr. Keene. He had hosts of friends, friends whom he grappled with hooks of steel, ready to swear by him on any and every occasion. Generous to a fault, brusque in manner at times, but with the heart of a woman, ready to melt at a moment's notice, open-handed and open-hearted to the appeal of even an acquaintance, no wonder that Jim Keene was the ideal of the market."

It is not generally known that Keene was chiefly instrumental in rehabilitating the Bank of California after the death of Ralston. He raised a large subscription in the Stock Board, and got the Hon. William Sharon, D. O. Mills and "Lucky" Baldwin to subscribe a million each, and he put in a million himself. The bank was thus enabled to meet all immediate demands, and a threatened panic was averted.

At the time of Keene's failure he was chief of a syndicate which had purchased 25,000,000 bushels of wheat, which would soon have netted many million dollars of profit, if it had been firmly held, but one or two of his partners in the pool became timid and sold out. The syndicate went to pieces, and both profits and capital vanished. He laid his misfortune mainly to the newspapers which raised such a universal cry about the immense "corner" that was being manipulated in wheat, threatening a famine in the great staple of human life.

Keene was next shaken out of his stocks. This was done chiefly by an ably concocted scheme of the bears, and he had the mortification of seeing the stocks which he had held advance within a few months' time to a point that would have enabled him to realize ten million dollars, if he had been able to hold them.

CHAPTER XXVI.

OUR RAILROAD METHODS.

DECEPTIVE FINANCIERING.—OVER-CAPITALIZATION.—STOCK "WATERING."—FINANCIAL RECONSTRUCTIONS.—LOSSES TO THE PUBLIC.—PROFITS OF CONSTRUCTORS.—BAD REPUTATION OF OUR RAILROAD SECURITIES.—UNJUST AND DANGEROUS DISTRIBUTION OF THE PUBLIC WEALTH.

THE following chapter, on the subject of "Our Railroad Methods," was delivered by me as a Fourth of July address at Mr. H. C. Bowen's Annual Symposium at Woodstock, Conn., to an assemblage of over 3,000 people. It was so favorably received by the press and the public in general, that I have been encouraged to publish it in this book without any material changes:

"In the whole range of our law-making there is no one branch in which there has been such an utter lack of judgment, foresight and just regard for the rights of the citizen, as in the legislation provided for our railroads and railroad companies. For the most part, the statutes relating to this class of corporations are a set of general enactments, loosely defining the large powers granted to the incorporators, comparatively silent on the duties and obligations of the companies to the public, and conferring upon them a virtual *carte blanche* as to their methods of finance and of conducting their business.

In a country whose products are mainly bulky, and have to be carried to markets hundreds or thousands of miles distant, it is of the first moment that its railroads should be built with the strictest economy and on the lowest possible capitalization. The low cost of land and the cheapness of material for road-bed are especially favorable to our securing this advantage; but the laws have permitted a system of inflated financiering which neutralizes these natural adaptations and immensely increases the cost of transportation.

As railroads have to be largely built with borrowed

money, their construction in this country afforded an opportunity for establishing credit relations with the great lending centres of Europe, which might have been of incalculable value in promoting the development of our vast resources in various directions. England, Holland and Germany have indeed loaned us very large amounts for railroad enterprises; but the law has permitted these undertakings to be conducted with so much concealment, misrepresentation and actual fraud, and has so disregarded the rights of the bondholders, that American credit has become a scandal and a by-word on the European bourses. The result is, that foreign capitalists are seeking other fields of investment; and their respective Governments are encouraging them by opening up new colonies, and thus getting fresh sources for the supply of products which otherwise would have continued to be readily taken from the United States. Such are the rewards of immoral financiering; and these bad methods are directly traceable to the encouragements afforded by our negligently constructed railroad laws.

Perhaps I may best succeed in making myself understood on this subject by illustrating the way in which our railroads are usually built. Under the laws of the State of New York —which are a fair sample of the laws of most other States— a number of persons form a company under the general railroad laws, registering at Albany the proposed route of the road, the amount of capital stock and bonds to be issued, and a few other particulars required in the papers of incorporation. The incorporators then proceed to form themselves into a syndicate or company, for the purpose of contracting to build and equip the road. Here comes the first step in the system of "crooked" financiering. In their capacity of incorporators, the same men make a contract with themselves, in the capacity of constructors. Of course, they do not fail to make a bargain to suit their own interests. They would be more than human if they did. Usually, the bargain is that the construction company undertakes

to build the road for 80 to 100 per cent. of the face value of the first mortgage bonds, with an equal amount of stock, and sometimes also a certain amount of second mortgages thrown in, virtually without consideration. The first mortgages are supposed to represent the real cash outlay on the construction and equipment; but, as a matter of fact, the true cash cost of the work done and materials furnished ranges from 60 to 80 per cent. of the amount of first lien transferred to the constructors. The Construction Company disposes of the bonds, partly by negotiating their sale to the public through bankers, at an advance upon the valuation at which they had received them, and partly by using them in payment for rails and equipment. Beyond the profits made from building the road for the first mortgage bonds, there remains in the hands of the constructors the entire capital stock and any second mortgage bonds they may have received, *as a clear bonus*, to be held for future appreciation, and to keep control of the Company and be ultimately sold on a market deftly manipulated for that purpose.

This is the way in which a large majority of our railroads have been and others are still constructed. It will thus be seen that the actual cash cost of a railroad is ordinarily less than 50 per cent. of the stock and bonds issued against the property, and that its first mortgage exceeds the amount of the legitimate actual cost of the road.

The basis of all the discredit, the embarrassments, the bankruptcies and the robberies of our railroad system is thus laid at the inception of the enterprises. They rest upon an intrinsically rotten and dishonest foundation; and the evil is far from having reached the end of its mischief to the financial, political and social interests of the country. In some few cases, railroads thus exorbitantly capitalized have proved able to earn the interest on their debt, provide for additional outlays on construction and betterments, and even to pay dividends on their stock; but, in

a large majority of cases, they have had to undergo a process of financial reconstruction. in order to bring the debts of the Company within its ability to meet its fixed charges. It is not a risky estimate to suppose that of our present 125,000 miles of railroad, with its $7.500,000,000 of stock and debts, 60 per cent. has undergone this process of debt-scaling and rehabilitation. Were it not that the new roads have opened up new country for settlement, which has become an immediate source of traffic, these bad financial results would have been more general and worse than they have proved to be. The risks attending the building of lines into unsettled regions ought to have been a reason why they should be constructed upon conservative principles; but, in reality, the prospects of settling new populations and of tapping new sources of wealth, have been so magnified to the eyes of distant and credulous lenders as to enable the speculative constructors to easily consummate their illegitimate schemes.

The general result of this system of financiering has been to deprive the legitimate original investors of their chances of making a fair return out of their investment. As a rule, the bondholders have provided all the capital expended, and the stockholders have invested nothing. The bondholders incur all the risks; the stockholders have no responsibilities. If the enterprise proves a success, the bondholders get their interest, while the stockholders, without a dollar of original outlay, get vastly more than ever falls to the mortgage creditors through the stock becoming an instrument of profitable speculation. If the enterprise is a failure, the bondholder has to forego interest and finally to accept a new mortgage for a less amount and at a lower rate of interest; whilst the original stockholder has, in the meantime, made money out of artificially "booming" the shares in Wall Street.

The profits realized on these speculative constructions are enormous, and have constituted the chief source of the

phenomenal fortunes piled up by our railroad millionaires within the last twenty years. It is no exaggeration to characterize these transactions as direct frauds upon the public. They may not be such in a sense recognized by the law, for legislation has strangely neglected to provide against their perpetration; but, morally, they are nothing less, for they are essentially deceptive and unjust, and involve an oppressive taxation of the public at large for the benefit of a few individuals, who have given no equivalent for what they get. The result of this system is that, on an average, the railroads of the country are capitalized at probably fully 50 per cent. in excess of their actual cost. The managers of the roads claim the right to earn dividends upon this fictitious capital, and it is their constant effort to accomplish that object. So far as they succeed, they exercise an utterly unjust taxation upon the public, by exacting a compensation in excess of a fair return upon the capital actually invested. This unjust exaction amounts to a direct charge and burthen on the trade of the country, which limits the ability of the American producer and merchant to compete with those of foreign nations, and checks the development of our vast natural resources. In a country of "magnificent distances," like ours, the cost of transportation is one of the foremost factors affecting its capacity for progress; and the artificial enhancement of freight and passenger rates due to this false capitalization has been a far more serious bar to our material development than public opinion has yet realized. The hundreds of millions of wealth so suddenly accumulated by our railroad monarchs is the measure of this iniquitous taxation, this perverted distribution of wealth.

This creation of a powerful aristocracy of wealth, which originated in a diseased system of finance, must ultimately become a source of very serious social and political disorder. The descendants of the mushroom millionaires of the present generation will consolidate into a broad and almost omnipotent money power, whose sympathies and in-

fluence will conflict with our political institutions at every point of contact. They will exercise a vast control over the larger organizations and movements of capital; monopolies will seek protection under their wing; and, by the ascendancy which wealth always confers, they will steadily broaden their grasp upon the legislation, the banking and the commerce of the nation.

The illegitimate methods by which the wealth of this class has been accumulated cannot always remain a mystery to the masses. The time will come when every citizen will clearly perceive how his interests have been sacrificed for the creation of this abnormal class; and, when that time comes, a series of public questions will arise that will strain our political institutions to their very foundations. Already the working masses begin to see the dim outline of the gigantic wrong that has been inflicted upon them in common with all other classes. If they do not understand the exact method by which a portion of the rewards of labor has thus been diverted from them, they clearly comprehend which is the class responsible. The labor troubles that have so seriously shaken confidence during the spring of this year have been largely stimulated by an idea that a serious wrong has been done to the workman in the creation of these abnormal fortunes. It is not surprising—although it may lead to disappointing results—if workingmen should reason that, if railroads can afford to make a few men so wonderfully rich, they can afford to pay their employes higher wages and for shorter hours. Nor can we wonder if, when capitalists are on every hand piling up their wealth by the tens of millions, the laborer should conclude that he ought to be able to get a few dollars a week more, or deduct an hour or two off his day's work, without very seriously hurting the employing class. This may be and is very fallacious reasoning; but it is what might very naturally be expected under these circumstances, from a class who are not trained to think beyond surface depth. It will be of no avail to

tell the workmen that this unjust distribution of wealth is final and irrevocable; that there is no power of redress by which a wrong of this nature can be righted; or that, as voting citizens, they are as much responsible as anybody else for permitting the neglects and defects of legislation that have made these inequalities possible. This class never reason either calmly or logically, and it will take a great deal of fruitless agitation to satisfy them of the hopelessness of their methods of seeking reparation.

The Socialistic seductions which have captivated such large masses of the working population of Europe will all the more readily find acceptance among our millions of laborers because they have before their eyes such conspicuous instances of the unequal division of wealth and of the overwhelming power of organized capital. Certainly, if any facts could be supposed to justify the doctrines of Socialism and Communism, it would be the sudden creation of such fortunes as those which, within a very few years, have come into the hands of our railroad magnates. A few years later, the public will understand much better than it now does how facts like these have contributed to the raising of questions of government which will dangerously test the cohesion and endurance of our political institutions.

Artificial methods of establishing our railroad corporations have naturally led to artificial methods of regulating their operations. Over-capitalization incapacitates the roads for competition; for it necessarily holds out a temptation to parallel existing roads by others at a lower capitalization. As roads running between the same points were multiplied, competition for "through" business became more active, until not only were dividends threatened on some of the best lines, but some roads were driven into default on their mortgages. At this point the "pool" was introduced—a device by which all lines running between the same points agree to put their business from through traffic into a common aggregate, to be distributed among the several members accord-

ing to certain accepted percentages. It was hoped that, in this way, uniformity of charges could be maintained, at such rates as were necessary to make the business satisfactory to each member. This, however, was soon found to be a step "from the mud into the mire." The pool was discovered to operate as a premium on the construction of new parallels.

Speculators were quick to perceive that they could build new lines on the same routes for much less cost than the old ones, and that, with a lower capitalization, they could easily compel the pool to admit them to membership, with all the privileges of a ready-made traffic and with all the guarantees the pool could afford of exemption from competition, and of ample charges. Thus, the pools that, in the first instance, were made necessary through the evils of speculative methods of construction, became, in turn, the source of a new and even worse form of the same evil. New roads were built, or sets of old detached ones were connected, so as to afford additional parallels to the existing trunk lines, with no other object than to compel the latter to support them by dividing with them a portion of their traffic, or to accept the alternative of a reckless cutting down of rates. The end to this viciously excessive system of construction can only come when the pools have been reduced to such a low condition that they will no longer care to take newcomers into their co-partnership; in which case speculative builders will see no chance for profit in such ventures. The fate of the "Nickel Plate" and of the West Shore speculations, by which nearly 1,000 miles of needless road was built to divide traffic with the Vanderbilt system, serves as a warning against the danger of building roads to live upon pool support; but, nevertheless, the Eastern trunk pool still stands exposed to a great deal of harassing outside competition from possible and contemplated new combinations of existing detached links. Routes of the latter kind are even more formidable competitors than new lines, because they

can be provided at a lower capitalization, and have already the support of an established way traffic. It would not be surprising if, within the next three or four years, several new routes should in this way be established between New York and Chicago.

It will thus be seen that the very contrivance intended to stave off the vicious effects of artificial capitalization is contributing, by a sort of punitive process, towards the end of reducing earnings to a just ratio to the true value of the properties. The weakness of the pool, arising from its temptations to new competitors to enter the field, is not the only cause of its failure. Up to this time it has been found impossible to find a form of pool stringent enough to restrain the members from cutting rates against each other. The modes of possible evasion are so numerous, the sacrifices of special advantages that each member has to make are so galling, the small share that remains to each road in a numerously divided business is so small, and the temptations of agents to get freight "by hook or by crook," in dull times are so irresistible, that the strictest watching and the severest penalties fail to secure a faithful observance of the pool agreements. Much forbearance is shown towards transgressions, and deliberate violations have to be condoned or connived at; but, all the time, the pools are in imminent danger of jealousies and breaches of faith causing their disruption. No sooner have they won public confidence by maintaining harmony through a period of prosperous business, than the public wake up to find that some member has been secretly "cutting," and the agreements are torn to pieces.

The result is, that the public have lost all confidence in the ability of the pool to regulate competition; and, still worse for the railroads, their managers are losing faith in them also. The great crucial test of this expedient, so far as respects the Eastern lines, is likely to come when the number of smaller outside competitors, of the character

just alluded to, comes to be increased. The pool will not be likely to admit them into its fold, which already includes too many diverse interests to permit of harmony; and if it did, the danger of disagreements and disruption would be only thereby increased. And yet, if those routes are shut out, they will act as so many free lances, attacking the older lines in every direction, and doing business at rates which will leave the pool companies no alternative but to follow suit. In this dilemma, the outlook for some time ahead is not an encouraging one for the older companies. To my view, it seems very probable that their original sins of construction and their subsequent transgressions of stock "watering" are about to find them out. The natural law of competition is a terrible foe to the violators of commercial justice. It is the inevitable police power of trade. Its working may be evaded for a time; its final conquest over wrongs and monopolies may sometimes be delayed beyond the limits of human patience, and men may at such times lose confidence in its power to right the wrongs of society; but its ultmate success in the restoration of equity and fair-play is as certain as the rising of the sun.

My absolute confidence in the ultimate triumph of this principle prompts me to venture the assertion that, *at no very distant period*, the wrongs practised in the original construction of our railroads and in the subsequent "waterings" of their stocks, will be compensated through competition adjusting the profits of the companies to the equivalent of a fair return upon a *true valuation* of the properties; that is, a value measured by what they are able to earn under the conditions of free competition and the now current cash cost of providing like facilities. That, it appears to me, is the solution towards which our railroad problem is now steadily working; and neither Congressional legislation, nor State regulation, nor the resistance of organized capital, can be expected much longer to stave off that result.

It may, however, be very properly asked, whether legisla-

tion has no duty in the premises? To me, it appears that it has a very weighty one. The consequences of the original neglect to prescribe proper regulations for the construction, capitalization and financial management of railroads has been so fully exposed by their past history, that the Legislatures will greatly err if they neglect to impose restrictions upon future corporations that will prevent further repetition or perpetuation of the evils. When the Government bestows upon railroads important privileges and franchises, under which fundamental private rights are held in abeyance for the common good, it is due to the public protection that the recipients of these favors should be held under restrictions which will prevent them from abusing the privilege to the public disadvantage.

When a railroad company capitalizes its property at double its actual cost, and seeks to collect charges calculated to yield dividends upon such false capital, it grossly perverts and abuses the privileges conferred by its charter, and virtually perpetrates a public robbery. This appears to be a perfectly plain proposition, and yet this glaring wrong has been so long tolerated that not only the railroads, but a portion of the public even, have come to regard it as a sort of right inherent in these corporations. One of the first duties of the State Legislatures, therefore, is to enact laws requiring that the stocks and bonds issued against any railroad hereafter built shall, in no case, exceed in the aggregate the *true cash cost* of the property; the penalty for the violation of this restriction to be forfeiture of charter. The responsibility of managers should be definitely fixed. All extensions, betterments or improvements should be provided for by issues of stock or bonds on like conditions. The issue of mortgages should be restricted within 60 per cent. of the true cost of the property.

In order to prevent wrongful speculative profits being realized by the incorporators, they should be prevented from becoming the constructors of their road, directly or indirectly; and all contracts for construction, equipment, ex-

tensions or improvements should be made upon open competitive bids, the lowest bid to be accepted, with substantial guarantees for the faithful performance of the contract Also, it should be made the duty of a board of State railroad commissioners to see to it that all these conditions are strictly complied with. Regulations should be provided prohibiting issues of stock for any other than construction or equipment purposes, forbidding the payment of dividends not actually earned, and enforcing the amplest publicity of details relating to current traffic and the financial affairs of the companies.

Had our original railroad laws incorporated provisions of this character, our railroads would have all along ranked as the safest and most stable investments of the country; the discredit that hangs over our corporate enterprises would have been averted; transportation would have been done at lower rates with steadier charges, and we should have been saved the social and political excrescence of an aristocracy based upon ill-gotten wealth. After our bitter experience of the dangerous results of neglecting to guard the railroad interest by some such restraints as the foregoing, it surely is not too early now to apply these safer methods to all future enterprises of this character. Not only is such legislation due as a measure necessary for the protection of our commerce and investors, but it would go very far towards remedying the evils that have grown up under the old and badly regulated system. To a man of business it is hardly necessary to point out what would be the competitive advantages of roads constructed under the proposed regulations. As a rule, their capitalization would not exceed 50 to 60 per cent. of that of the older companies, and they could, therefore, be run upon a much lower rate of charges.

The thoroughly conservative nature of their organization would bespeak for them a degree of public confidence which would enable them to get all the capital needed for really legitimate undertakings, whilst purely speculative ventures would be put under conservative check. Under these cir-

cumstances new roads could do a profitable business, and yet compete disastrously with the old excessively capitalized companies. The ultimate result of this competition from the new order of roads would inevitably be to reduce the earnings of the older class to a point which would admit of interest and dividends being earned *only on the same rate of capitalization as existed among the new-system companies.* In other words, the effect of the honest method of capitalization here suggested would be to squeeze all the "water" out of the old companies, and to bring them in effect, though possibly not in form, to the same financial level as the new.

If my reasoning here is correct, there is cause for our great railroad capitalists to look out for the security of their investments. The basis for their wealth may prove far less certain than they have imagined it to be. With the prevailing and steadily increasing public feeling against the methods of railroad capitalists and the working of our railroad system, what assurance can there be that, when a remedy for these corporate wrongs comes to be clearly propounded, it will not be eagerly urged upon the attention of the Legislatures and adopted without much ceremony? The dash of a Governor's pen is, therefore, all that stands between the railroad millionaire and the sudden extinction of a large portion of his inflated paper wealth. Is this a chimerical conclusion? The question, it seems to me, deserves a far more serious consideration than those most vitally concerned have yet bestowed upon it. No man can confidently deny the possibility of such a result as is here indicated. No one familiar with the present public temper on the subject of railroad monopoly can reasonably question *the probability even* of a settlement of this kind being ere long resorted to. Under these circumstances, it is a question very pertinent to the times, whether the foundation of our railroad aristocracy is as broad or as firm as it has been supposed to be, and whether a healthy solution of the great railroad problem is as difficult and as remote as some despondent people have represented it to be."

A ONE THOUSAND DOLLAR BOND OF THE STATE OF GEORGIA.
REPUDIATED

A ONE THOUSAND DOLLAR BOND OF THE STATE OF GEORGIA.
REPUDIATED

CHAPTER XXVII.

THE GEORGIA REPUDIATION BOND SWINDLE

How a Sovereign Southern State Cheated the Northern Men who Helped Her in Distress.—A New Way to Pay Old Debts.—Cancellation by Repudiation of Just Claims for Cash Loaned to Sustain the State Government, Build Public Schools and Make Needed Improvements.—Bottom Facts of the Outrage.—The Recent Attempt to Place a New Issue of Georgia Bonds on the Market, while the Old Ones Remain Unpaid.—The Case Before the Attorney-General of the State of New York.—He Examines the Legal Status of the Bonds in Connection with the Savings Banks.—His Decision Prohibits these Institutions from Investing the Hard Earnings of the Working People in these Doubtful and Dangerous Securities.—A Bold Effort to have the Fresh Issue of Georgia Paper Put Upon the List of Legitimate Securities of the New York Stock Exchange Firmly Opposed and Eventually Frustrated.—Reflections on the Bad Policy which Advocated Repudiation and Has Injured Georgia Credit in the Eyes of the World.—General Observations upon the Nature of Repudiation of States' Debts, and the Moral Influence on the General Credit of the United States.—Successful Appeal of Bondholders of the Repudiated Bonds to the Stock Exchange.

ONE of the saddest events of my business experience arose from the purest motives on my part, to aid the South in the work of reconstruction, in the way of which, as I have stated in the previous chapter, President Johnson threw the greatest obstacles.

I ventured my money and offered my friendship at a time when that section of the country stood in need of both

money and friendship, and used my best efforts to bring about the return of such feelings of fraternal harmony as should exist among all the citizens of this great country. For these kindly offices I was treated with the basest ingratitude by some of the Southern States.

I held a large amount of Southern securities, all issued for full value received, which went into the internal improvements of that section, enhancing the taxable value of its property. These securities bore the great seals of the Sovereign States of Georgia and Alabama.

The dishonor attaching to repudiation in these instances has been brought out in more glaring colors. from the fact that these States have long since become abundantly able to liquidate their obligations, and to erase the black spot from the escutcheons of their chivalrous people.

The people themselves are not so much to blame as the disreputable politicians into whose hands the management of their affairs had fallen.

It is of the sovereign and high-toned State of Georgia that I have most occasion to complain. On account of the bad faith of that State, through her political managers, I suffered a terrible reverse in my fortune, which came near crushing out my financial existence.

It is not, therefore, surprising, I think, that having placed my faith in the integrity of that State and the promises of its officials and governing power, and having been so basely deceived, that I should now be aroused to act in self defence, fight for my rights and do all in my power to cause the bonds or securities for which I paid good money to be redeemed, and to have my just claims satisfied. It has therefore, been incumbent upon me to leave no stone unturned in fighting this battle, with the hope of recovering the money, or a part of it, that was filched from me through the ostensible defalcations of these sovereign and chivalrous States.

About thirteen years ago the repudiation which has re-

flected such disgrace upon the South became prevalent in that section, and took the character, for a time, of a severe financial epidemic.

It was for this reason that the Legislature of the State of New York, as well as the legislatures of several other States, considered it necessary for the protection of the savings banks, which are the custodians of many hundreds of millions, chiefly of the hard earnings of the working people, to prohibit these institutions from investing in, or loaning upon, the securities of any State in the Union that had within ten years previously repudiated any of its lawful obligations.

The laws of the State of New York, in chapter 409, section 260, of the laws of 1882, provides that savings banks shall be prohibited from investing money in stocks or bonds of any State which, in the language of the statute, "has within ten years previous to making such investment by such corporation defaulted in the payment of any part of either principal or interest of any debt authorized by any legislature of such State to be contracted."

It was for this reason that the newly issued securities of some of the Southern States have been unable to find a resting place in the monied institutions of the North.

The State of Georgia, recently finding that she had some obligations becoming due, and seeing that money was cheap in the North, and that more than ten years had expired since she repudiated her former obligations, thought there was a good opportunity of issuing a fresh batch of these so-called securities, similar to those that had been dishonored in 1873.

The politicians of Georgia thought there was a good opening in the State of New York to remove the restriction placed upon the savings banks in 1882. They saw that the Governor and the Legislature were both Democratic, with a Democratic Attorney-General also, and therefore determined to take advantage of this political condition, which they

supposed was highly favorable to their scheme of stealing a march upon the holders of the old repudiated bonds of Georgia, who had been chiefly instrumental in getting the act passed for the safety of savings banks' depositors in the State of New York.

The Georgia politicians aimed at having the restriction of the savings banks removed, so far as it related to their State, in order to afford them an opportunity of issuing several millions of 4½ per cent. bonds for the purpose of taking up an old issue of the 7 per cent. bonds, thus effecting a considerable saving to the taxpayers of their State in this reduction of interest.

With the purpose of having this matter arranged as quietly as possible, two of the ablest lawyers of the State of Georgia were surreptitiously sent to Albany to make argument before the Attorney-General, Mr. Denis O'Brien, and to attempt to convince that official, in a very plausible manner, why the restriction should be removed from the savings banks in the case of Georgia. No opposition was expected, and the enthusiastic hope was indulged by those who were engineering the scheme that upon this *ex-parte* statement of these astute Georgia lawyers a favorable opinion would be elicited from the Attorney-General of this State, which would justify the Superintendent of the Bank Department in issuing an order to remove the restriction which precluded the savings banks of New York from investing in Georgia bonds, on the ground that the State had not repudiated within ten years. The repudiation could be traced back thirteen years, instead of ten.

Pursuant to this application, a small item of a few lines appeared in one of the Atlanta papers, which stated that Mr. Calhoun had just returned from Albany, having made a very strong and forcible appeal to the Attorney-General there, urging him that the restriction on the part of the savings banks be removed so far as Georgia was concerned.

This item was telegraphed to me, and on receiving the

despatch I notified the holders of the repudiated bonds, and wired the Attorney-General asking him when a hearing of the other side could be had.

When the day arrived for the hearing before the Attorney-General, Mr. Calhoun was surprised to find that there was any opposition to his application, as the business had been so quietly managed that it was supposed by the Georgia members of the Bar that the bondholders would hardly be apprised of it until everything should be fixed according to the pre-arranged programme, and in favor of the repudiating State obtaining fresh and unlimited credit without settling up the old score. Mr. Calhoun was assisted in his able argument on the sovereign right of repudiation by the Hon. N. J. Hammond, Member of Congress and ex-Attorney-General of Georgia.

In reply to these great lights of the Southern Bar, whose genius would have shone more brilliantly in an honest cause, I made the following address:

Henry Clews' speech before the Attorney-General of the State of New York, June 20, 1885:

The original act of repudiation by the State of Georgia has been repeated each six months since that period to the present date, by the refusal of the State to recognize and pay the coupons on said bonds as they matured. This alone repeats the repudiation of that State twice each year for the past ten years at least, and therefore is a continuance of the repudiation from the time of the original vile act up to the present date; besides which, the bonds repudiated had twenty years to run. The maturity of said bonds does not expire until 1890. The repudiation should be considered, therefore, as continuous during the entire period, from the date of the issue of said bonds until 1890, five years hence. If it is to be accepted that the test of a State's credit is to be able to show a record free from fresh repudiation for a period of ten years, and that repudiation is not a continuous repudiation until such obligations are fully settled and provided for, what is to prevent a State from negotiating a fabulously large amount of bonds, and thereby place an amount sufficiently large in her treasury to admit of bridging over for

the required ten years, and, after making such ample provision, then pass an act, as heretofore, repudiating the bonds issued, and keep repeating it each decade? Supposing the same rule held good with a bank robber—and there is, as far as integrity goes, really no great difference between the two, only one seeks protection in Canada and the other behind her sovereign rights, which is her Canada refuge. The robber breaks into a savings bank, guts it of several millions of dollars, flees to Canada, and there lives in affluence for ten years. How silly it would appear if, after ten years, provided he could show a record free from thieving during that time, he had the legal right then to come back, and thereby be entitled to a clean record as an honest man, and in consequence be accorded a high credit. The position of the State of Georgia in assuming such a role, in coming here at this time to ask our savings banks to aid her in such a nefarious business, simply lacks a parallel for audacity. The management of savings banks must be conducted so as to inspire confidence with the depositors and with the entire community also. It is necessary, especially at panic periods, for full confidence to be felt in the investments of such institutions. If the prohibition is removed, as is now sought to be, and savings banks be permitted to invest in Georgia securities, and one of them should buy $500,000 of the bonds, I venture the prediction that such an investment will sooner or later form the basis of a rumor which will cause a panic among its depositors and break that institution. This would result in a most serious disaster to probably thousands of poor people whose money had been lodged there for safe-keeping. The mere whisper during a panic that a certain institution had $500,000 of Georgia bonds, and they were about to be repudiated, would bring about just such a disaster as I have stated.

I ask your Honor if it would be wise for any savings bank to be permitted by the Superintendent of the Banking Department to become thus exposed to ruin? A State that is abundantly able to meet her obligations and dishonors them is too despicable for either credit or tolerance in a civilized community, and it is a disgrace to the nation that States comprising it have the power to make such obligations and repudiate them at will and screen themselves behind their sovereign rights, whereby they cannot be sued, and in consequence leave the outrageously wronged innocent bondholders with-

out means of redress whatsoever. If the United States Government ever expects to obtain that permanent high credit in the money markets of the world to which the immense resources of this magnificent country justly entitle her, the great and growing evil of State repudiation must be remedied. For States to repudiate with impunity, as the State of Georgia has done, leaving no means whatever for redress on the part of the victimized creditors, is a blot upon the escutcheon of the whole country. This is not a fight, your Honor, on the battle field against the South; it is a fight on the financial field, and, as it is second only in importance to the other, it must be settled, and now is the time to strike the blow, as it will do the most good in that direction. We, the creditors of Georgia, have not only borne the loss and hardship of having our securities made valueless by a legislative body, and many of us ruined thereby, but we have also been vilely defamed—being branded as conspirators to rob the State—simply because we were found to be holders of these dishonored bonds. This has been done by the State to cover up her own infamy, and make it appear that we were the guilty parties and not the State. The attitude of the State of Georgia, your Honor, is not unlike that of a pickpocket, who, after rifling his neighbor's pockets, is the first to cry "stop thief'" to elude detection. All that the bondholders ask and claim is to have the entire case submitted to a proper judicial tribunal. This rightwe have been denied by the State, and the Constitution leaves us powerless to enforce it. The State simply says, the bonds are fraudulent and we will not pay them. It is a very remarkable circumstance, however, that there has not been a single one of the numerous officials, from ex-Governor Bullock down, who were connected with the issue of these so-called fraudulent bonds, prosecuted to conviction in the thirteen years that have intervened since their issue. Still these bonds are all repudiated on the ground of being fraudulently issued, and the innocent bondholders alone are made to suffer the harsh penalty imposed for having staked their money on their belief in the honor and integrity of the people of Georgia, which it is quite apparent are now *non est.*

I addressed a letter to your Honor on May 27th last, which contains important information in connection with these repudiated bonds. I ask permission to read this letter at the present time, so that it may become a part of the evidence in this case.

The following circular letter contains a variety of opinions analyzing the true relations of the State of Georgia to her creditors, and clearly setting forth the nature of her liability in the matter of the repudiated bonds in connection with the house of which I was the head:

REPUDIATION ROBBERY BY THE "SOVEREIGN" STATE OF GEORGIA.

"The divine doctrine of State Sovereignty, which makes a State too dignified to be sued for its debts, ought to make it also too respectable to cheat its creditors"

NOTICE.—Managers of Insurance Companies or Savings Banks should be and are likely to be held responsible, by stockholders and depositors, for any losses incurred in the event of their buying or loaning upon any bonds issued hereafter by States which are under the cloud of repudiation.

NEW YORK, May 27, 1885.

HON. WM. A. POST, *Deputy Attorney-General, Albany, N. Y.:*

DEAR SIR:—I deferred answering your telegram of Saturday until this morning for the purpose of ascertaining whether the bondholders' counsel would be in readiness to meet you at the time proposed, and only ascertained the fact this morning that he would, so I wired you accordingly. I presume that this Georgia repudiation question comes before you for the purpose of removing the prohibition from the savings banks of this State to their buying or loaning upon Georgia State bonds, owing to that State being under the cloud of repudiation. The prohibition of the savings banks, issued by Mr. A. B. Hepburn, the former Superintendent of the Banking Department, was based upon a thorough and exhaustive examination in reference to all matters appertaining thereto. This I have reason to know, as that gentleman visited New York and took my testimony and others in the case. The State of Georgia has always charged, as the justification for repudiation, that R. B. Bullock, Governor at the time of the issue of said bonds, had issued the bonds without proper legislative authority, and

besides had stolen or misappropriated most of the avails. About three years since Governor Bullock visited Atlanta, Ga., and demanded his trial under the several indictments against him. The trial came up soon thereafter, and he was acquitted on all the charges. This gentleman is now a resident of Atlanta, Ga., and is to-day one of its most prominent citizens. It has been also charged that as he was a Northern born man, that he was a "carpet-bag" Governor, and for that reason the bonds were not a legal issue. That attitude is also unwarrantable, as the ex-Governor remained South during the period of the entire war, and took a prominent part on the Confederate side, in giving aid and comfort, and thereby can justly be considered as being a Southerner and not a Northerner in his interests and feelings. Most of the bonds repudiated were passed upon as legally issued and properly signed, by our best lawyers, such as Messrs. Evarts, Southmayd & Choate, ex-Judge Emott, Abbott Bros., E. Randolph Robinson, the brother of Judge Sedgwick, of this city, and others.

Some of these repudiated bonds were also passed upon by the New York Stock Exchange, and because repudiated were afterwards stricken from the list of securities to be dealt in. The face of these securities were worth par a few days prior to their repudiation, and immediately after that Act was passed were reduced to no more than the value of the paper upon which they were engraved. The same may at any time be the fate of any new securities to be issued by that State. Those who had these bonds were and are innocent parties, and among the sufferers are Trust Companies and savings banks. The Metropolitan Savings Bank holds $100,000 of the 7 per cent. Georgia gold bonds, bought about par; the Brooklyn Trust Trust Co. holds $100,000; the Union Trust Co. holds $100,000; the Commercial Warehouse Co. held between $300,000 and $400,000 of the bonds, and their repudiation caused the failure of that institution. The New York State Loan and Trust Co., Henry A. Smyth, President, also had $100,000 of the bonds, which loss was largely instrumental in causing the collapse of that concern. The Broadway National Bank holds $200,000 of these bonds as collateral, upon which they loaned $160,000; Morton, Bliss & Co., Morris K. Jesup, Drexel, Morgan & Co., Ezra A. Boody, George Morgan, son-in-law of J. S. Morgan, of London; J. Bowman Johnson & Co., Richard Irvin & Co., L. Von Hoff-

man & Co., Russell Sage and many other first-class parties that I can name are prominent sufferers resulting from Georgia's repudiation; besides which, my firm in 1873 held over $2,500,000 State of Georgia securities, all of which had been paid for or advanced upon, and my firm's suspension at that time was attributable thereto.

The only way to do, in my judgment, is to make the Southern States which are now under the serious cloud of repudiation, understand that their credit is impaired and facilities for obtaining money materially lessened because of it. Then, realizing *that* as their position, and finding that they are shut out of the financial markets of the world owing thereto, they will soon make a compromise with their lenient creditors, and remove the blot from their escutcheons. The Federal Government is comprised of the various States of the Union, and to-day enjoys as high a credit as any nation in the world. If the various States comprising the United States are permitted, however, to repudiate with impunity and screen themselves behind their sovereign rights so that creditors have no recourse, the odium will soon fall upon the General Government, and its credit will finally become tarnished if not crippled in consequence. The State of Georgia, as can be proven, received full value. The internal improvements in Georgia bear testimony of this. The taxable property of the State has been immensely enhanced by these improvements, and the debt repudiated is a mere bagatelle as compared with the ability of the State of Georgia to provide for it. She has become rich in late years, and if the stain of repudiation should be wiped out, would stand an excellent chance of becoming a favorite resort for emigration and for the flow of capital. Emigrants from other countries to this, in locating, first look to the credit enjoyed by the State their attention is called to, and if found high, their conclusion is that there is safety for property, and if so, corresponding safety for life; but they will not go to a repudiating State, and in this way the South is held in check in the development of her resources, owing to the want of new blood. The bondholders of the State of Georgia have frequently offered to leave all points at issue in reference to Georgia's repudiation to the Courts of that State, to the United States District Judge, or to arbitration, the parties to be selected by both sides, all of which has been denied, the reply being the "bonds are repudiated, and we simply will

not take any steps to provide for their recognition or payment, and what are you going to do about it?" Under the circumstances, creditors are powerless, of course, to do anything, as the State cannot be sued. If you desire it, I will send you a sample bond of some of the issues repudiated, so that you may see how beautifully the signatures are written, and how firmly fixed the seal of the Commonwealth is placed upon them, besides the magnificent steel engraved workmanship of the Continental Bank Note Company of this city. If there was not a prospect of the State of Georgia being forced by public opinion to provide for these bonds at some future time, they would be worthy to be framed and hung up in our parlors as a complete and fine work of art.

Judge Lochrane, former Chief-Justice of the State of Georgia, has wired me that he will appear before you on Wednesday; Colonel R. A. Crawford, of Georgia, will also do so; Messrs. Abbott Brothers, of this city, and others will appear before you.

You will please append this communication as a part of the testimony, and should you desire more on the subject, call upon me therefor.

I have the honor to remain,
Your obedient servant,
HENRY CLEWS.

EDWARD BRANDON, ESQ., *Chairman of the Committee on the Admission of Securities to the N. Y. Stock Exchange:*

DEAR SIR:—It is currently reported that the State of Georgia is about to apply to your Committee to list a new issue of bonds. In behalf of myself and others who have suffered most seriously by that State's unwarrantable repudiation of bonds, which have as full a right to an equal standing as representing the credit of the State of Georgia as possessed by the new bonds to be issued, and fully realizing that the cruel fate of the former merely represents what may be that of the latter, I claim the right, as a member of the New York Stock Exchange, as a sufferer to the extent of several millions of dollars by the State of Georgia's bad faith, to protest against the admission of any new securities hereafter to be issued by that State until her repudiated bonds are recognized and provided for.

Yours very truly,
HENRY CLEWS

Ex-Governor Bullock's Democratic successor, soon after he was elected to that position, appointed as Attorney and Agent for the State of Georgia, one of the State's ablest lawyers, a gentleman distinguished as having been a member of the Confederate Congress, to investigate all the business transactions between Henry Clews & Co. and the State of Georgia. Under his signature as Attorney and Agent for the State, he makes the following statement: "I would say, with a great deal of pleasure, that after a very thorough and complete examination of the books of account, papers and correspondence of Messrs. Clews & Co., so far as they relate to transactions of that house with the State of Georgia during Governor Bullock's administration, I am satisfied that in all the dealings of that firm with the State of Georgia, they have acted with both fairness and liberality, and I am convinced that in all these matters Mr. Clews did nothing that would not bear the closest scrutiny, and he did nothing, in my opinion, to affect his character for integrity and fair dealing. I make this statement with the more pleasure because I began this examination of accounts of Clews & Co. under impressions very unfavorable to Mr. Clews."

The opinion of ex-Governor Brown, now our able senior United States Senator, was asked by thirty-five members of the Legislature of 1873. In the course of a comprehensive and exhaustive argument, the distinguished Senator says: "The State will be driven to abandon this position (legislative repudiation) and to permit a case to be made by her creditors to test the validity of these bonds in the courts of the country, or she must stand dishonored in the estimation of all good men, and her credit must sink to a ruinous depth."

The late ex-Governor Alexander H. Stephens, ex-Vice-President of the Southern Confederacy, is on record as saying, in reference to this repudiation, that it is "nothing short of public swindling. Not less infamous than obtaining money under false pretences." But the partisan feeling was then so intense that even the lamented ex-Governor Jenkins was hardly accorded a respectful hearing in the Constitutional Convention, of which he was president, when he plead against sweeping repudiation without granting the holders a

judicial hearing. Ex-Governor Jenkins said on that memorable occasion: "Now, sir, I take this ground: that for the proper examination and investigation of these claims, neither the Legislature nor this Convention, nor the people themselves, are a proper tribunal to decide these matters. They ought to be examined and determined judicially. It will now, I presume, be admitted that the five years' time between legislative and constitutional convention repudiation was not allowed to pass unnoticed by the parties having these bond claims against the State. Having waived our sovereignty in the past to allow the State to be sued in every county in the State on claims for small-pox expenses, I submit that our sovereignty ought not to be plead to bar so important an issue as that now under consideration. The State can, in no event, be put to loss. The whole State has been largely benefited by the legislation and by the executive action which was subsequently repudiated. We have been for fifteen years past collecting annual taxes on fifty millions of enhanced value of our taxable property; an increase which is directly traceable to the good effects of the new railroads built under that legislative and executive authority. Shall we—can we honestly receive these benefits and repudiate our liabilities?"

An interview with ex-Governor Rufus B. Bullock, of Georgia, May 29th, 1885:

A reporter called upon ex-Governor Bullock at his rooms, Fifth Avenue Hotel, and obtained the following interview:

Governor Bullock: "Any information in my possession is at your service. I have published from time to time, over my own signature, my views on this subject, and I have no objections to repeating them. I desire to say, however, that I am in no wise a party to the recent proceedings which have been had before the Attorney-General of New York. I was in the city on private business and without any previous knowledge of the proposed hearing. I attended the hearing out of curiosity, expecting to hear an argument by ex-Chief Justice Lochrane, and while there was invited by the Acting Attorney-General to respond to his inquiries. This I did with the result as reported in your valuable paper. During my administration in 1868-'69-'70 and 71, bonds of the State were issued for State purposes, and the endorsement

of the State was placed upon certain railroad bonds under the authority of law.

During the wild excitement that resulted in and followed the overthrow of the Republican government in Georgia, nearly all the acts of Republican administration were repudiated, among them its financial transactions, and up to this day and hour the questions of fact have never been permitted to reach any judicial tribunal.

The people of New York State are fair-minded, law-abiding and honest, and whenever they can be informed of the truth will fearlessly follow it; but with regard to the real merits of this repudiation, no light has reached them because our courts have been closed.

It is asserted by the holders of these repudiated obligations—and in this assertion I concur—that every bond was issued in accordance with law, and that the State is now in the enjoyment of the benefits resulting therefrom. In the exciting times to which I have referred, a majority of the then Legislature decided that the State was not bound by the acts of its predecessors, and therefore these obligations were null and void.

This is, of course, a question of law, and not of legislation. I am sure that now, when partisan passion has subsided, both parties to this controversy would cheerfully acquiesce in any decision reached by our Supreme Court, and that the holders of these defaulted securities would accept whatever is awarded them in a long term bond at a low rate of interest, and on such an adjustment all parties, at home and adroad, could unite in maintaining the high financial credit to which the Empire State of the South would then be entitled.

In December of last year the Atlanta *Constitution*, discussing this subject. used the following language: "The burden of his complaint is, that the bonds have never had a hearing in court. This comes with poor grace from the ex-Governor, who, when the validity of the bonds issued under his administration was being discussed by the legislative committee, was absent from this country, his whereabouts unknown, and his testimony not procurable. The bonds were 'in court' then, and as Governor Bullock was not present with his evidence when it was needed, he should not complain that a new hearing is not had for his benefit." To this I made reply, which the *Constitution* kindly published, and I will thank you to copy as follows: "I desire to say that

I was not absent from the country. My whereabouts were known, and my testimony was before the committee in the full and complete report of the financial condition of the State which I made to my successor, sustained by the official records of the Executive and State Departments. I never received a request from that committee to come before them in person, and my presence would not have added to the information in their possession. Every request received by me from my successors, to aid in their investigations, has been promptly complied with. In accordance with such request I met Dr. Bozeman, financial agent, Attorney-General Hammond and Governor Smith, in New York, and also subsequently, Colonel Snead, Attorney for the State, and Colonel Kibbe, chairman of committee. No fact within my knowledge has ever been withheld, nor have I ever neglected any proper opportunity to contradict the statement that any of the bonds issued during my administration and reported to my successor were 'bogus.' But, Mr. Editor, the question is, shall a debtor pass on the validity and enforce judgment against his own indebtedness? I submit that a legislative investigating committee is not 'a court' in the sense that its findings are conclusive on questions of law. To hold a question so decided to be *res adjudicata*, is to sustain a legislative usurpation of the judicial functions of the government. If your position be well taken, that because the Legislature has decided against the bonds, the case is *res adjudicata*, and the judiciary is precluded—of what avail is our constitutional guarantee that the executive, legislative, and judicial branches of the government shall be separate and distinct, and that neither shall encroach upon the functions of the other? What protection has a citizen for his property if a legislative decision upon a legal question must be regarded as final *res adjudicata?*

Does not the taking of other people's money to build up our railroads, and refusing those people a hearing in courts of our own creation, before judges of our own election, indicate a want of confidence in the justice of our cause? The Territory and State of Minnesota used other people's money to open up her lands by the construction of railroads, just as Georgia did, pledged the faith of the State for repayment, and then repudiated, just as Georgia did. After twenty years' delay, justice has been done, and her obligations, as ascertained through her court, have been paid. I have faith to

believe that the Empire State of the South will eventually keep pace with her sister States in the Union in meting out exact justice through her courts to every man, come from whence he may.

Hon. Wm. A. Post, Deputy Attorney-General of this State, by appointment, visited this city last Friday to take evidence on the Georgia repudiated bond question, the object being to determine the legal status of a new issue of bonds by the State of Georgia in connection with the savings banks of this State. Owing to the repudiation of that State, at present these institutions are debarred from investing in bonds of any repudiating State, and the effort now is being made by the representatives of the State of Georgia to remove that barrier, so that the savings banks can be gutted of their surplus means and filled up with the bonds issued by that State, which are more than likely to share the wicked fate of repudiation, as previous issues to the extent of $8,000,000 have done. The savings banks managers, even in the event of obtaining a decision authorizing them to take Georgia bonds for investment, should be held personally liable for any losses that may fall upon such institutions if they hereafter invest the funds of widows and orphans in a security which, judging from past experience, is almost sure to be wiped out and made worthless. Mr. Clews charged that Mr. Calhoun's appearance in representing the State before the Attorney-General at Albany was a surreptitious proceeding, and was only heard of by mere chance by the holders of the repudiated bonds through a squib in a Georgia paper. He also stated that the bondholders had patiently waited twelve years for their money, and no body of creditors had ever been so lenient as those of the State of Georgia, and justice demanded that these long-suffering and much-defamed creditors should be settled with prior to the financial world according to the State of Georgia a sufficiently high credit to admit of her floating any new issues of bonds. A motion was made to adjourn the meeting until the 20th, which Mr. Post said he would accede to after asking ex-Governor Bullock a few questions in relation to the connection of the firm of Henry Clews & Co. and the State of Georgia during the time he was its Governor. He desired to make these inquiries now, as the ex-Governor was present and might not be at the adjourned meeting. Mr. Clews requested

permission to state that his firm—Henry Clews & Co.—had never been agents for the State of Georgia, but merely acted for her as bankers and brokers. The agent of the State during the entire period of Governor Bullock's term of office was the Fourth National Bank of this city. He stated that his firm received no bonds, excepting by purchase or as collateral, and advanced money to the State as it was needed. At one time the State owed for said advances as much as $1,650,000; the money so advanced was stated by Georgia's officials as required to meet the expenses of the government of the State. Ex-Governor Bullock fully ratified Mr. Clews' statement. He admitted that the Fourth National Bank was the State financial agent, and that he had placed a large quantity of bonds with Henry Clews & Co. to market and as collateral for advances. "I will say," said the Governor, "that every dollar secured on the sale or pledge of these bonds was received by the State, and it was expressly agreed that the firm of Henry Clews & Co. should hold all the bonds in their hands as security for the indebtedness due them by the State of Georgia."

Georgia's Outlawed Bonds.

Newspapers in Atlanta, Savannah and other parts of Georgia have violently assailed *The Graphic* for its comments on the new issue of Georgia State bonds as affected by the repudiation of a former issue. These journals are short-sighted, as are the people of Georgia who imagine that they save money by outlawing the obligations of their State issued in the usual manner. We will not impute deliberate dishonesty to them, but they certainly do not place their own motives in a favorable light when they exclude the holders of the repudiated bonds from even the right to present their claims before the civil courts of Georgia. Ex-Governor Bullock has been berated in the same connection, and he cogently replies:

"I have no pecuniary interest in the repudiated bonds or obligations. I have no lot or part in any scheme or combination by or through which public attention is or has been called to this matter. My attitude is that of a private citizen who has as high a regard for the honor and good name of Georgia as any man within her borders. I never obtrude "the bond question" upon the public attention. But when

my official action is attacked in that connection I shall never fail to assert and re-assert that the financial statement made by me to my successor in office was the exact truth and that its correctness never has and never will be successfully controverted. In that financial statement were many of the State obligations, which in a time of great public excitement and partisan zeal were 'outlawed' by the action of a political body, and up to this day and hour the holders of such obligations have been denied that cool, dispassionate hearing of their claims which our courts alone can give. My 'attitude' is that Georgia is too great, that she stands too prominent in this country and in the world at large to accept the position of being a semi-annual defaulter and refusing to the creditor a hearing in her own courts. It is idle for me to assert or for you to deny the validity of the defaulted securities. That is a question of law, and no Georgian can defend his State while she slams the door of our courts in the face of our creditors. I assert that it does make a vast difference to Georgia whether her new securities are listed at the Exchange in New York. Our own people or other people can, of course, buy and own them, and I know the interest and principal will surely be paid, but unless the bonds are 'listed' they are not, in mercantile parlance, a 'good delivery,' and will not stand abroad as they should, equal with the best State in the Union."

A State which once repudiates its obligations cannot be trusted not to do the same thing again. What guarantee can any investor have that the bonds which Georgia is now trying to put upon the market may not be outlawed by the next Legislature? The *Graphic* has no interest in the matter beyond that of upholding public morals, the good name of the State and the rights of swindled creditors. The State which repudiates is as foolish as the imbecile who cut off his nose to spite his face.— *N. Y. Graphic*, June 6th, 1885.

The extreme care with which so-called securities or new issues of bonds are scrutinized in this market now-a-days is shown in the opposition which has sprung up to the proposed listing on the New York Stock Exchange of $3,500,000 new Georgia State bonds. While money is a glut in the markets and our banks are now carrying a larger idle reserve than ever before known in the history of business, there is no disposition to permit Southern repudiators to come in

and secure any part of the funds. The application to the Attorney-General to permit our savings banks to "invest" in the bonds, and the request that they be listed in the Stock Exchange, aroused New York bankers to action, and their opposition has been so far very effective. It has had this good, at least, that it has revived attention in regard to the repudiation of old obligations of Southern States. By its act of repudiation, Georgia mulcted the New York investors to the tune of millions. I know of one banker who now holds more than $2,500,000 of these bonds, on which there is an interest accumulation of twelve years' duration, and at least three leading financial institutions were carried to the wall by the same means. Now, it is considered very poor grace for the modern Christian statesmen of Georgia to pass around the hat again. Let the State first repudiate its repudiation, pay up old scores, and then it will be quite early enough to ask for further loans. The argument that the credit of the State is really benefited by the repudiation, as she has so much less obligations to meet, is a quaint one, and worthy the source from which it emanates. This is not the sort of "prosperity" that invites further investment of Northern funds.—*Syracuse, N. Y., Sunday Herald.*

(Editorial from The "*Atlanta National*," Atlanta, Ga., June 1st, 1885.

GEORGIA BONDS.

When a Georgia bond is put on the market, our Democratic friends cry out "Great is the Credit of Georgia." They claim that Georgia pays all of her obligations whenever they are due, knowing their claim to be utterly false. Georgia has not only repudiated legal obligations, in the hands of innocent purchasers, but she denies the parties who have paid value for her bonds the right to take the judgment of her own courts on the validity of those bonds. So in the bond business the State of Georgia acts not only the role of the thief and robber, but also of the coward. The man who claims that Georgia meets all her obligations is simply a liar.

Respecting State securities, investors are showing a very proper discrimination against the issues of States tainted with repudiation. The action of the Superintendent of the Banking Department of this State, in forbidding savings

institutions from investing in the new issues of the bonds of Georgia, has attracted attention to the danger of investments thus tainted, and is very generally approved by the investing public as a check to future acts of this kind. The disposition shown by certain managers of savings banks to put the funds in their charge into such doubtful securities should be strongly condemned; and it is a question whether it is not necessary, as a protection to such depositors, to make such a use of the deposits of the poorer classes a penal offence.—*Weekly Financial Circular of Henry Clews & Co., June 6th*, 1885.

How the Georgia Bonds were Negotiated.

The following circular explains the manner in which the Georgia bonds were negotiated with my firm:

New York, July 3, 1885.

Hon. Wm. A. Post,

Deputy Attorney-General, State of New York:

The firm of Henry Clews & Co. did not solicit the account of the State of Georgia, but it was opened at the request of Mr. I. C. Plant, the leading private banker of Macon, Ga., and the most influential and affluent banker of the State of Georgia then and at the present time. Mr. Plant was brought to my office by Mr. P. C. Calhoun, President of the Fourth National Bank, which institution was the financial agent of the State of Georgia at the time. Mr. Calhoun introduced Mr. Plant to me, by giving that gentleman a very strong endorsement, and stated that Mr. Plant was in this city for the purpose of raising money for the State of Georgia, which money was required to pay off the members of the Legislature. Mr. Calhoun stated that his bank had loaned to Mr. Plant $400,000 on currency 7 per cent. Georgia bonds, and as money was very stringent at the present time and the calls were very numerous, he felt as though $400,000 was as much as he ought to loan in any one quarter. "But if you have any money, Mr. Clews, that you are willing to loan at the present time, if you will accommodate Mr. Plant, it may result in your doing some good business with the State of Georgia. I would say," said he, "that you cannot advance money in any quarter where it would be safer than to loan on the Georgia State

bonds which Mr. Plant will offer you. I know the State of Georgia well. I have ridden on horseback over almost every foot of ground in the State in my early life in my collecting trips. My father was in the saddlery and hardware business, and the larger part of his business was in that State. I know the people of this State; and as an evidence of my opinion of the future of this State and its bonds, I will say that if I had my choice to put my money into these bonds of the State of Georgia, or those of the State of New York, to leave to my family, I would give the bonds of Georgia the preference, for the reason that her debt is so small as compared with the debt of the State of New York at the present time, and the future of the State of Georgia is destined to be one of great prosperity." Mr. Plant then said: "Mr. Clews, Mr. Calhoun has advanced $400,000 towards the amount I need, and I want $250,000 in addition. I know the money market is very tight [as it was at that time, money being worth 7 per cent. per annum and 1 per cent. per day commission]; still, I think, if you will loan this money to the State of Georgia, that it will enable you to make a connection which will prove profitable to you in the end." I said: "Very well, Mr. Plant, I will make the loan to the State of the $250,000 which you require." Mr. Plant then said: "Well, place it to the credit of the State of Georgia, and I will bring in 500,000 of Georgia 7 per cent. currency bonds, the same character of bonds which have been lodged as collateral with the Fourth National Bank. I will go at once to the Fourth National Bank, where they are, and bring them down here;" which he did. The $250,000 was then placed to the credit of the State and a telegram to that effect was sent to the Governor, and it was at once drawn out on the official drafts of the State. This started a correspondence with Governor Bullock, in his official capacity, he being entirely unknown to me before. Other applications were then made direct by the Governor for additional loans, which were made from time to time, until the amount so advanced reached to $1,650 000. After receiving, in addition to the 500,000 bonds referred to, 800,000 more of similar bonds came into our possession from time to time as collateral, being put up at 50 cents on the dollar; and when we afterwards received a large installment of the gold quarterly 7 per cent. bonds, having at that time an excess of collateral in our hands, we voluntarily for

warded to the State 500,000 of the Currency 7s. This was precisely and exactly the way my firm's connection was commenced with the State of Georgia. Mr. I. C. Plant, who is still a banker of Macon, Ga., I am sure, will testify to the correctness of my statements.

The State of Georgia gold 7 per cent. quarterly interest bonds were placed by the Governor of Georgia in my firm's hands as additional collateral against the advances made to the State, with full instructions to sell same and credit avails. Application was made by request of Governor Bullock to have this issue of bonds placed on the regular list of the New York Stock Exchange, and after a full investigation by that body, they were admitted. A portion of these gold bonds were sold in this country and the balance in Europe. When the Georgia Bond Committee came here 77,000 of these bonds were in Europe in the banker's hands there for sale, and my New York firm held 25,000, all others received having been sold. These 102 bonds were reported to this committee as unsold at that time, but soon thereafter, and before the Act of repudiation was passed by the Georgia Legislature, these 102 bonds were sold and reported as sold, and I think the price was 97½, and the State's account was credited with the avails, and the proper authorities of the State were duly notified thereof. Up to the time of sale of these 102 bonds our standing order to sell continued and was never revoked; because, however, these 102,000 had been reported to the Georgia Bond Committee when in this city as being on hand at that time, they were repudiated, together with the other bonds which we were supposed to still hold. The New York Stock Exchange was called upon by the Treasurer of the State of Georgia to order struck from the list these 102 bonds, and the Exchange was compelled to be governed thereby, as official notice had been received of their repudiation. The following were the numbers of these bonds * * * * You will perceive that the numbers are not consecutive, thus showing that they were not the last of the bonds placed in our hands. The low numbers were received first and the highest numbers last, in the deliveries made to us by Governor Bullock. Under this statement of facts, which I am prepared to prove, I insist that these 102,000 bonds are as binding upon the State of Georgia as any of those which are now recognized. My fellow members of the Stock Exchange who have made

investigation fully confirm this opinion. A large number of the coupons of these bonds were paid by the State on these 102,000 bonds, thus showing the State's recognition of them at one time. My firm repeatedly called upon the officials of the State of Georgia to pay the balance due, but we could get no response. After waiting patiently a very long time, we called in eminent counsel for advice in this matter, and under said advice the Governor and Treasurer of the State of Georgia were notified in the regular legal form that if the said indebtedness was not paid on or before a specified date the collateral in our hands, each item being specified, belonging to the State, would be sold at public auction at the Merchants' Exchange Rooms, 111 Broadway, at 12 o'clock, by A. H. Muller & Sons, auctioneers. This notice of said sale, together with list of securities, was inserted in the newspapers; the sale took place, and the 800,000 Currency and other bonds were disposed of to the highest bidders, and the State's account credited with the avails. All these securities should be considered, therefore, as having passed out of my firm's possession and in the hands of other holders for value. The State of Georgia in this matter is certainly amenable to New York laws, and the entire business was conducted in accordance with said law. Governor Bullock's successors did all they could to depreciate the securities issued by their predecessors, and are responsible for the low prices which the State of Georgia bonds afterward sold for, as during Governor Bullock's administration the State 7s were at about par and the first mortgage Brunswick & Albany bonds, guaranteed by the State, sold at 90 and upwards. As an evidence of the high credit which my firm had worked up for the State, we bought out the first million issued of Brunswick & Albany First bonds guaranteed by the State of Georgia, in the Berlin and Frankfort markets at 104, and there were seven millions of bids therefor, and the one million had to be distributed *pro rata* amongst the said bidders. In testimony of the correctness of this statement, I refer you to Mr. Budge, the head active partner of Hallgarten & Co., and Mr. Schiff, the head active partner of Kuhn, Loeb & Co., of this city, who were interested with me, and through these two gentlemen the bonds were sold. After this great success, I ask you, or any fair-minded man, was not my firm entitled to continue to advance upon Brunswick & Albany first mortgage bonds endorsed by Georgia?

and as the 275 Cartersville & Van Wert bonds, endorsed by the State of Georgia, were offered to my firm shortly after this signal success as collateral, were they not also equally justified in advancing 167,000 upon them? and *in that* way, and *in that* alone, these securities came into our hands. I most positively assert that my firm never had any other pecuniary interests but as herewith set forth in these two enterprises. At the time of the repudiation of the State, my firm held

750,000 Brunswick & Albany first mortgage bonds, endorsed by State of Georgia.
275,000 Cartersville & Van Wert first mortgage bonds, endorsed by State of Georgia.
587,000 State of Georgia Gold 7s.
350,000 Brunswick & Albany first mortgage bonds.
400,000 Coupons cashed by us on the State of Georgia securities, but a legal claim against the State.
800,000 State of Georgia Currency 7s.

3,162,000

Also, a judgment of 525,000 obtained in favor of Henry Clews & Co in the State courts of Georgia against the Brunswick & Albany Railroad Company, being an amount due my firm over and above all securities in our hands. My firm also obtained in the United States District Court of Georgia a judgment to secure our advances of 167,000 to the Cartersville & Van Wert Company. Neither of these judgments have ever been satisfied.

This leaves out entirely the 102,000 Georgia 7s (quarterlies), as well as many other scattering lots of different issues of the State of Georgia securities. The past due bonds referred to by Mr. Hammond were being hawked about, both here and in London, for the purpose of forcing their payment, and the holders threatened to use them to interfere with the sale of the gold 7s which we were about to bring out in this and foreign markets. I mentioned this matter to Governor Bullock when on a visit here. He then directed me to buy up such of these bonds which were in troublesome hands, and as they were a demand claim against funds then in the State Treasury, all you have to do, he said, is to charge up the amount which you paid for said bonds to the State's account and retain in your hands the bonds as collateral. and when the State is flush enough I'll

see that you are paid direct from the Treasury. These past due bonds belonged to us, and were taken up by our money and not the State's; the 98,000 which were cancelled, which Mr Hammond refers to, were so cancelled by error, which I am fully prepared at any time to prove. The depreciation in Georgia State bonds which Mr. Hammond refers to did not exist during Governor Bullock's administration, but was brought about by his successors in office, as they did all they possibly could to depreciate the bonds of the State authorized and issued by the previous Legislature.

I have the honor to remain,

Your obedient servant,

HENRY CLEWS.

GEORGIA SECURITIES AND NEW YORK SAVINGS BANKS.

The efforts that are being made to place Georgia securities in the savings banks of New York ought to be resisted for two very good reasons: First, such investment would be contrary to the law of the State; second, even if it were legal it would be imprudent and unsafe.

As to the authority of our savings banks to invest in these securities, it is understood that the opinion of the Attorney-General has been asked. On this point there is not much room for question. Savings banks are prohibited by law from investing in the stocks or bonds of any State that has within ten years defaulted in the payment of any part of the principal or interest of its debt. By a constitutional amendment adopted in 1877, Georgia ratified previous acts of the Legislature repudiating more than eight millions of its obligations. The excuse given for this proceeding was that the State's obligations had not been lawfully contracted, and therefore were not binding. On this ground it is claimed that Georgia securities do not fall within the prohibition put by the law upon the savings banks of New York. There would be some force in this view if Georgia were sustained by any judicial decision holding the bonds invalid. But it took advantage of that principal which protects a State against suit by a citizen. It decided the question by its own arbitrary edict. It gave its victimized creditors no voice in the matter. In the absence of judicial support or warrant, its action can be regarded only as a repudiation.

But if there were no legal obstacle in the way, prudence

sequently it takes away the necessity of the State having the application now made favorably acted upon by your Committee. Mr. Wolf, therefore, makes the application in his own behalf, doubtless to enable him to extricate himself from his own speculative venture in these so-called securities, which he was in hopes when he took them of turning over to certain saving banks who, by the Attorney-General's opinion, were precluded from buying these identical bonds, which misfortune, from the statements made by the officials of the State of Georgia, falls not upon them but the party who has bought the bonds. As the original plan of lodging these bonds in the savings banks was a failure and the poor people's money on deposit there was saved from wreck thereby, it is now sought to land them upon others, providing the New York Stock Exchange can be secured to give character to them by listing them as is now attempted. My firm represents two seats on the New York Stock Exchange and has large interest there and I protest against the proposition to list these Georgia bonds for regular dealings at the Exchange, as the State of Georgia is not only in default in payment of her bonds, both principal and interest, and long since past due, but besides has repudiated eight millions of her bonded debt which were issued for value received under the great seal of the commonwealth, properly signed, legally issued and in the hands of innocent parties who have acquired vested rights therein, and, therefore, are the victims of a gigantic robbery by the repudiation of said bonds. It is but fair to assume that a State which undertakes to blot out by a legislative act, without being willing to submit any questions at issue to the judiciary—who alone have the right to decide upon such questions—find *that* to be so simple a method of paying debts will not unlikely be tempted to repeat repudiation often in the future. These bonds now attempted to be foisted on the public cannot, by any possibility, be expected to have any greater permanency of value than those that have already received the shameful fate of being reduced by repudiation to the value of brown paper. I foresee, therefore, that if the N. Y. Stock Exchange lists this new issue of bonds, that by ficticious methods quotations may be obtained, and in all probability the members of the N. Y. Stock Exchange be induced to deal in them and suffer the cruel loss that has already been my fate. The

State of Georgia, with interest to date, owes me and my old firm at least five million dollars; therefore, I have a right, owing to my large interests in the Stock Exchange, to urge that the application to list these new Georgia bonds be denied, for I fear that should it be otherwise, many of the members whose seats are in part security for transactions, may be tempted to deal in these so called "securities" and suffer great loss if not ruin thereby, for when the time of repudiation takes place the security in their seats at the Exchange may be made valueless through said loss to honest creditors. When the State of Georgia wipes out the disgraceful blot of repudiation which now stains the escutcheon of the commonwealth, she will then be entitled to have the facility which the New York Stock Exchange has the power of granting, to aid her in restoring her credit to rank alongside others. She will then be entitled to credit on a 3 per cent. basis similar to the States of New York, Massachusetts, Maryland and many others, *but not before.*

Respectfully yours,
HENRY CLEWS.

SHALL REPUDIATION BE RECOGNIZED?

NEW YORK, June 25, 1886.

To the Governing Committee of the N. Y. Stock Exchange:

DEAR SIR:—I send you an exact copy, published in the *Graphic* newspaper under date of June 15th, 1886, of a bond issued by the State of Georgia, which you will perceive is an out-and out State bond and represents an issue of 1,800 bonds of $1,000 each. The act of authorization of the State was passed upon by the eminent legal firm of Evarts, Southmayd & Choate, also by the late Judge Emott as being in conformity with law and in every respect a regular and legally issued bond of that State. The innocent holders of these bonds are the following:

The Broadway National Bank	$200,000
The Metropolitan Savings Bank	100,000
The Brooklyn Trust Co	100,000
Russell Sage	200,000
Henry Clews & Co	486,000
The Union Trust Co	100,000

Ezra A. Boody	200,000
Richard Irvin & Co.	133,000
The Commercial Warehouse Co. about	200,000

The balance is in small lots scattered in numerous hands. None of these bonds was disposed of for less than 90 cents in money. The Broadway Bank loaned $160,000 upon theirs, taking them as collateral. Some other institutions held them as collateral against advances similar to that of the Broadway Bank. The whole of this issue was repudiated by the State.

The State of Georgia also notified the Exchange that a large number of bonds known as Quarterly Gold Georgia Bonds were also repudiated. The numbers of these bonds were scattered in amongst an issue of two and one-half millions of that class of bonds, all of which were long previously admitted to dealings at the N. Y. Stock Exchange. The N. Y. Stock Exchange having received notice from the State that they had been repudiated, ordered them stricken from the list. These bonds are all in the hands of innocent, *bona fide* holders, who paid in the neighborhood of par for them in all instances and the avails therefor were received by the State.

Those not repudiated of these issues have since and are now daily quoted at the N. Y. Stock Exchange, the price being at the present time nominally about 112.

I have only noted a part of the bonds repudiated by the State of Georgia, so that you may be convinced of the fact that the bonds are out-and-out State bonds and just as good an obligation issued under the great seal of the commonwealth of Georgia and as absolutely binding upon the State as the new bonds which are now attempted to be listed; and should the latter be listed, the chances are that they will share the same fate as those noted.

If a State can issue such obligations, and wipe them out by an act of repudiation with impunity, and the Stock Exchange ignore such shameful conduct, there will then be no safety in buying bonds issued by any State, as it is thereby made to appear that there is no stain left upon her escutcheon, the evidence of which is that the N. Y. Stock Exchange has backed them up in their action. Under the Constitution which gives sovereign rights to States a citizen holding these repudiated obligations cannot sue a State, therefore there is no redress for a great wrong done.

I shall be glad to appear before your Committee and give you all the evidence in the case before you decide upon the application now before you to admit $3,300,000 Georgia 4½ per cent. bonds.

Very respectfully yours,

HENRY CLEWS.

A REMINDER TO SENATOR EVARTS.

In connection with this Georgia bond affair, even at the expense of stringing the subject out to a considerable length, I cannot omit the following communication to Senator Evarts on the subject:

NEW YORK, April 13, 1886.

Hon. William M. Evarts, Washington, D. C.:

DEAR SIR—It is quite generally understood, from information lately received here from Washington, that there is soon to be sprung upon Congress a bill providing for large appropriations for the improvement of rivers and harbors and other so-called public improvements in the South. There is a feeling of strong opposition in financial circles in this city against the justice of the General Government making such appropriations to many of the Southern States at the present time. This opposition is based upon the fact that the State of New York contributes by taxation about one-fifth of all the revenue raised in this country which provides for the expenses incurred in carrying on the Government, so that whatever moneys are spent for the so-called public improvements, at least one-fifth of the amount is extracted from the pockets of the citizens of this State, through taxation; and as many of our citizens have been so villainously victimized by the repudiation of the Southern States, especially by the State of Georgia, it is but just and fair to these victims, therefore, that no appropriations of money for the purposes named should pass Congress for the benefit of any State which is at present under repudiation. It is eminently proper that Congress should take a stand against this, as the very people who have been so robbed are to pay the cost. A large number of them have been ruined, as a penalty for believing in the honor and good

faith of Southern States, and while such claims remain unpaid, it certainly does appear harsh that these citizens should be taxed by the General Government and compelled to contribute to funds to be appropriated for the benefit of States now in default of both principal and interest for bonds issued by them under proper legislative authority and bearing the great seal of the commonwealth. The money paid for these bonds by confiding people has gone into public improvements in those States. If the Government desires to make appropriations, they should be made to the holders of these bonds, and the share to the various States be in their own bonds in place of money. The States thereby would take the place of the present holders. When repudiated bonds are all extinguished it will be time for the Government to begin the appropriation of money direct. No greater public improvement for the South, as well as for the credit of the entire country, would equal the removal from the various States of the blot of repudiation which now stains their escutcheons, and reflects most injuriously upon the credit of the General Government itself.

Yours very respectfully,

HENRY CLEWS.

ANOTHER STRONG PROTEST.

September 2, 1886.

James D. Smith, President of the Stock Exchange:

DEAR SIR—I beg to hand you herewith a memorial in relation to the new issue of Georgia bonds, signed by a number of the largest and most important firms and corporations in this city, most of whom are connected by membership with the Stock Exchange, and all of whom, like myself, are victims of the State of Georgia's repudiation.

I understand that the subject of admitting this new issue of these bonds is to come up for consideration at the next regular meeting of your committee. Will you do me the favor of presenting this petition at said meeting? Hoping this matter will receive your favorable consideration and influence, I have the honor to remain,

Yours very respectfully,

HENRY CLEWS.

To the Governing Committee of the New York Stock Exchange:

We, the undersigned, holders of repudiated bonds of the State of Georgia, have learned that an application has been made for listing upon your Exchange new issues of bonds of that State.

We respectfully urge upon you that so long as the name of Georgia remains dishonored by repudiation, you should stamp upon such application your absolute disapproval, and thus maintain the well known and uncompromising hostility which the New York Stock Exchange has always shown against bad faith and dishonest practice.

August 24, 1886.

RICHARD IRVIN & CO.,
MORTON, BLISS & CO.,
JAS. B. JOHNSTON,
S. W. MILBANK,
HENRY CLEWS & CO.,
HALLGARTEN & CO.,
FULTON BANK OF BROOKLYN,
By J. A. NEXSEN, Cashier,
WALTER S. JOHNSTON,
Receiver Maine Nati nal Bank,
MORRIS K. JESUP,
JAMES R. JESUP,
DREXEL, MORGAN & CO.,
FOSTER & THOMSON,
NATIONAL BROADWAY BANK,
By F. A. PALMER, Prest.,
L. VON HOFFMAN & CO.,
RUSSELL SAGE,
C. F. TIMPSON & CO.,
HERMAN R. LE ROY,
SAMUEL RAYNOR & CO.,
THE N. Y. WAREHOUSE & SECURITY CO.,
By S. C. KNAPP, Secretary,
COMMERCIAL WAREHOUSE CO.,
J. F. NAVARRO, Prest.

The petition of these gentlemen was granted, and true to its honorable record, the Governing Committee of the Stock Exchange refused to have anything to do with the bonds of the repudiating State of Georgia.

CHAPTER XXVIII.

ANDREW JOHNSON'S VAGARIES.

"Swinging Around the Circle."—How Mr. Johnson Came to Visit New York on His Remarkable Tour.—The Grand Reception at Delmonico's.—The President Loses his Temper at Albany and Becomes an Object of Public Ridicule.—His Proclamation of "My Policy" Ironically Received.—Returns to Washington Disgraced.—The Massacre of New Orleans—The Impeachment of the President.

AS I have attributed the ill luck of myself and others in certain business ventures in Southern securities to President Andrew Johnson, it will be necessary to describe some of the vagaries of that gentleman which had such a ruinous effect upon the investments of Northern men in the South.

In common with several other Wall Street men, I had an idea that the President might be favorably affected by the social influence of the North, if that were brought to bear upon him in the right way. So when we heard that he had been invited to attend the laying of the corner-stone in the erection of a monument to the memory of Stephen A. Douglas, at Chicago, I got up a paper signed by several Wall Street men and other prominent citizens, urging the President to accept said invitation and also invited him to stop at New York, on his way to the West.

The invitation was graciously accepted, and preparations were made at once to give him a suitable reception. It was hoped that this demonstration of our good will would have the effect of smoothing down the asperities of the President, and that it might remove any harsh feelings that he entertained towards the members of Congress who represented the Eastern and Western sections, and hence prove a means of

inducing him to advise the people of the South, over whom he had considerable influence, to lay aside their sentiments of hostility and attend to their business interests in a manner that should redound to the mutual benefit of the two great sections of the country. This was in 1866.

The President left Washington about the end of August, accompanied by General Grant, Admiral Farragut, Secretary Wells, Postmaster Randall, and a few others of less note.

When the party arrived in New York it was joined by Secretary of State Seward.

The preparations for the President's reception were on a magnificent scale for that time, and the people turned out *en masse* eagerly to do honor to the Executive of the nation. There was a grand procession which conducted him to the City Hall, where he was received by the officials of the City and State, and the procession afterwards escorted him to Delmonico's, at Fourteenth Street and Fifth avenue, where a dinner was served in the most sumptuous style, with every mark of honor and respect befitting the distinguished guest and his numerous friends.

There was an address of welcome pertinent to the occasion, and the President responded in a very happy style. This was said to have been one of his best efforts in oratory, in which he was, at times, exceedingly forcible and persuasive.

He was always pithy and powerful, and there has perhaps never been a President who produced stronger, more brilliant, and more argumentative state papers than Andrew Johnson.

The audience at Delmonico's was thoroughly delighted with him, the dinner came off in a way that left nothing to be desired, and everything seemed to indicate that the presidential visit would be a potent influence in creating a new era of harmony between the two hostile divisions of the country.

Everything was lovely until the presidential party ar-

rived at Albany, when it became manifest that the President had set out with the full intention of giving the journey the aspect of a political canvass, and of taking occation to abuse his enemies in the strongest terms, and to vindicate his policy of reconstruction in opposition to that of Congress.

The crowd which met him on his arrival at Albany was immense, and on the whole was disposed to accord the President a kind and courteous welcome.

The President was called upon to make a speech, in which he made violent attacks upon his supposed enemies, or those who opposed his policy, thereby sinking beneath the dignity which he was expected to maintain as President of the United States, to the level of a mere political demagogue. His utterances in that motley assembly, of course, were soon met by sharp opposition. There were many, however, who did not treat the fiery demonstration of the President seriously, and several of the crowd indulged in the pastime of firing off a few good-natured jokes at the tailor of Tennessee, who, by a mysterious fate, had been raised to such a dizzy eminence. These jests were taken seriously by the President, whose hot Southern blood became so aroused that he forgot the dignity of his office and station and condescended to bandy words, and exchange terms of ribaldry with people in the crowd. He then became a butt for savage ridicule. A small black flag was exhibited which seemed to have the same effect upon him as a red rag has upon a Texan steer.

The President became furious, and losing entire control of himself, pointed towards a man in the crowd saying, "Who is that man who dares to hoist that black flag. Let him come up here and I will tell him what I think of him."

This descent of personal dignity on the part of the President was received by the audience with a feeling of ineffable disgust. He had stooped beneath the level of the average electioneering stump speaker. He was greeted

with jeers and hooting, and the meeting was turned into a roaring farce, in which the President played harlequin, to the great delight of the ignorant element in the crowd, and the terrible mortification of those who had conducted him thither.

His friends were greatly incensed at his conduct. My business friends and I were heartily sorry that we had anything to do with this unruly Executive, who had evidently lost his head through the sudden acquisition of power.

The President's journey was continued to Chicago by way of Cleveland, where he made similar outbursts to those displayed at Albany. By the time he had reached Chicago he had become a public object of ridicule. He spoke so vociferously about "my policy" that the very boys in the streets began to utter these words ironically and jeeringly.

The tour of the President was designated "Swinging around the circle," and when he returned to Washington he had become an object of national contempt, and the majority of the people had entirely lost confidence in him.

One thing about this time that intensified the popular feeling of hostility against him was the attitude he assumed concerning the massacre of New Orleans, which occurred about a month before he started on his political tour.

The Convention which had formed the free constitution of the State of Louisiana in 1864 had been ordered to reassemble by its President. The Confederate sympathizers, who had been greatly encouraged by the acts of the President to keep alive their old feelings of hostility to the North, resolved that the Republican Convention should not be permitted to meet. The ground they urged for this proposed action was that the Convention proposed to recommend the imposition of Negro suffrage upon the State. There was a riot and a terrible massacre, in which over a hundred lives were lost, and several hundred persons were wounded. The municipal authorities of New Orleans gave aid and comfort to the rioters.

The Congressional Committee that investigated the circumstances connected with the riot reported that the President knew that riot and bloodshed were apprehended. He knew what military orders were in force, and yet without the confirmation of the Secretary of War, or the General of the Army, upon whose responsibility these military orders had been issued, he gave orders by telegraph, which, if enforced, as they would be, would have compelled our soldiers to aid the rebels against the men in New Orleans who had remained loyal during the war, and sought to aid and support, by official sanction, the persons who designed to suppress, by arrest and criminal process under color of the law, the meeting of the Convention; and all this although the Convention was called with the sanction of the Governor and by one of the judges of the Supreme Court of Lousiana claiming to act as President of the Convention. The effect of the action of the President was to encourage the heart, to strengthen the hand, and to hold up the arms of those who intended to prevent the Convention from assembling.

The President's opposition to the Reconstruction Bill probably rendered him more unpopular than any other executive act during his administration. The bill was passed by large majorities in both Houses of Congress.

The President's repudiation scheme was another very unpopular recommendation, for which he was very strongly reproved by the action of Congress. He stated in his message of December, 1868: "That the holders of our securities have already received upon their bonds a larger amount than their original investments, measured by the gold standard. Upon this statement of facts, it would seem but just and equitable that the six per cent. interest now paid by the Government should be applied to the reduction of the principal, in semi-annual instalments, which in sixteen years and eight months would liquidate the entire national debt."

This clause of the President's message was condemned by an almost unanimous vote of both Houses.

The great event in President Johnson's career, however, was his impeachment trial, which lasted from March 5 until May 26, 1868. He was arraigned at the bar of the Senate, which was presided over by the Chief Justice of the United States, the Hon. Salmon P. Chase.

The counsel of the President were Attorney-General Henry Stanberry, who resigned his position to defend the President, ex-Judge Benjamin R. Curtis, William S. Groesbeck, who acted as substitute for Judge "Jerry" Black, and Hon. Wm. M. Evarts. General Benjamin F. Butler made the opening argument against the President, accusing him of high crimes and misdemeanors. Hon. Wm. Lawrence, of Ohio, posted him on the law of impeachment. The chief charge in the articles of impeachment was the removal of Mr. Stanton from the office of Secretary of War, in alleged violation of the Tenure-of-office Act. According to this act Stanton had a right to hold office during the term of the President by whom he was appointed, and a month longer. He was appointed by President Lincoln.

The question to be decided then was whether Johnson was serving out Lincoln's unexpired term, or whether he was President *de facto*. Judge Curtis took the latter ground, and argued, therefore, that Stanton's term had expired.

At the conclusion of the trial, the Senate was addressed against the President by General John A. Logan and Mr. Boutwell. Thaddeus Stevens attempted to read a speech, but was too weak. He handed his manuscript to General Butler, who read it to the Senate, but it fell comparatively flat. The Hon. Thomas Williams, of Pennsylvania, read a speech in favor of impeachment, which was well received. The case on behalf of the Senate was summed up by Hon. John A. Bingham, who arrayed all the charges against the President in a very strong and unfavorable light. His concluding sentences were, "I ask you, Senators, how long men would deliberate upon the question whether a private citizen arraigned at the bar of one of your private tribunals of

justice, for criminal violation of law, should be permitted to interpose a plea in justification of his criminal act that his only purpose was to interpret the Constitution and laws for himself; that he violated the law in the exercise of his prerogative to test it hereafter, at such day as might suit his own convenience, in the courts of justice? Surely, Senators, it is as competent for the private citizen to interpose such justification in answer to his crime as it is for the President of the United States to interpose it, and for the simple reason that the Constitution is no respecter of persons, and vests neither in the President nor in the private citizen judicial power. For the Senate to sustain any such plea would, in my judgment, be a gross violation of the already violated constitution and laws of a free people."

The speech of "Our own Evarts" was the *chef d'œuvre* of his life, and probably did much to help the President's narrow escape. As it was, he was only saved from impeachment by one vote, namely, that of Mr. Ross, of Kansas.

CHAPTER XXIX.

THE DIX CONVENTION.

How the War Democrat, General Dix, was Elected Governor by the Republican Party.—The Candidates of Senator Conkling Rejected.—How Dix was Sprung on the Convention, to the Consternation of the Caucus.—Judge Robertson's Disappointment.—Exciting Scenes in the Convention.—General Dix declines the Nomination, but Reconsiders and Accepts on the Advice of his Wife and General Grant.—How Dix's Election Ensured Grant's Second Term as President.

AMONG the political events of the last quarter of a century in which I took an active part, in common with some other Wall Street men, I think the Utica Convention, at which General Dix was nominated for Governor of this State, is entitled to special notice, particularly on account of its effect upon national politics.

I was a delegate to that Convention. Just as I was stepping from the train to the platform at Utica I was met by a gentleman who introduced himself to me as the Private Secretary of Senator Conkling. He said he came to convey an invitation to me from the Senator to be his guest during my stay in that city. He escorted me to the carriage in waiting, and I was taken to the palatial mansion of the Senator. I was the only resident guest during my stay—an honor which I highly appreciated.

Several gentlemen were invited that evening to dinner, amongst whom were Hon. Chester A. Arthur, A. B. Cornell, Wm. Orton and General Sharpe.

At the conclusion of a sumptuous repast the subject matter relating to the Convention was introduced by Senator Conkling. The Senator turned to me and said: "Mr. Clews, why would not George Opdyke be the best man for Governor?" Mr. Opdyke and Senator Conkling had always

been on excellent terms, and a few weeks previously this aspirant for Gubernatorial honors had been a guest at the house of the Senator, and General Grant had been there at the same time. It was apparent, therefore, that Mr. Opdyke had gained special recognition from the Senator as his candidate for Governor, and that the choice had been sanctioned by General Grant. So the visit of these two distinguished guests seemed to indicate that the matter had been virtually, harmoniously and finally arranged, simply awaiting the official approval of the Convention. Hence, the point of the Senator's inquiry directed to myself.

I replied: "Senator, I have a very high regard for Mr. Opdyke, as a man of great ability, as well as a brother banker, but as we have, all of us, a greater interest in what is to be done at this Convention, with a view of re-electing General Grant, we must, in my judgment, sacrifice all other interests thereto. Looking at the matter from that point of view, I am bound to say, therefore, that George Opdyke is not our best man. As you remember, he was Mayor of the city of New York at the time of the great riots of 1863, which was the most critical period of the country's existence, and it was generally understood that in his official capacity he showed the white feather. While I admit that the excitement at the time was calculated to intimidate some of the strongest hearts, still, Mr. Opdyke, as Chief Magistrate of the city, was supposed to be equal to the emergency, and to meet it with firmness, irrespective of personal danger. He was expected to be equal to the task of ordinary self sacrifice in such a position, and he did not come up to popular expectation."

"And you will recollect, Senator," I continued, "that your own brother-in-law, that able, worthy and popular man, Hon. Horatio Seymour, was so far carried away by his predilections then, that he addressed the crowd of peace-breakers as "friends." I confess that when a man like him was so pronounced on that side it was a difficult matter for a Mayor to

have backbone enough to withstand the pressure. But public opinion is not in the habit of making such fine distinctions to excuse want of courage."

"If this is not an ample reason," I said, "I can give you another, which should be sufficient to determine that Mr. Opdyke is not our best man at this time. He is young enough, however, and may be available at a future period, when the asperities associated with these troublous times have been fully smoothed down. During the war Mr. Opdyke had the misfortune to be a special partner in a clothing manufacturing firm which had received a contract from the Government to make clothing for the poor fellows who were fighting our battles for the salvation of the country. The clothing made by this firm was rejected on account of the inferiority of the material, and this is said to have been the first application of the term 'shoddy' to army clothing in this country."

Mr. Conkling seemed to be amazed at my statement, and admitted that his protegé would not do. He felt considerably embarrassed in regard to his position with reference to Mr. Opdyke. He said, "Mr. Opdyke is here and expects the nomination. Some one ought to tell him to withdraw."

Thereupon Mr. A. B. Cornell volunteered to undertake this delicate duty. He promptly performed it, and afterwards reported that the work had been accomplished. He said that Mr. Opdyke at once consented to comply with the modest request, but was so mad about it that he had left the city by the first train for home, being unwilling to remain for the convention.

Prior to his departure, however, he had advised the Hon. W. H. Robertson, who was the next prominent candidate, of his withdrawal, and of the support of his constituency so far as his name could control it.

Mr. Robertson, who had been prominent in the preliminary canvass, was gratified at this turn of affairs, and encouraged by his new accession of strength. He was quick

to embrace the opportunity now left open, as there were no other candidates whom he feared. So the whole of that night he worked arduously and faithfully for the object in view.

When I left the Conkling mansion next morning, after breakfast, I mingled freely with the delegates, and found, from the efforts made the previous night, that the nomination of Judge Robertson was a foregone conclusion, and the candidate himself was sure of it. The Robertson boom had become suddenly popular. In fact, it was in the air.

I was invited to General Arthur's parlors, where the caucus had its headquarters. It was customary with General Arthur, in those days, to take parlors for that purpose at State Conventions. I found the rooms filled with distinguished members of the party, and it was assumed by all that Robertson was the candidate for Governor; it was also proposed that we should march in a body to his hotel, to congratulate him, and to assure him of the fact that we were all for him. I declined to be of the number on that mission, to the great chagrin of some of my friends. When asked for my reasons, I said that I had no feeling of personal hostility towards Mr. Robertson, but as the New York *Times* had not been pleased with his conduct while State Senator, and had severely criticized him thereafter, I felt satisfied that under no circumstances could we rely upon the *Times* to support our ticket if he were at the head of it; and as that was the only paper in New York that we had to fight our battles then, it was all important that we should nominate a ticket that would not be antagonistic to it, in order that we might have its endorsement and full co-operation.

The rest of the gentlemen went to pay their respects to Judge Robertson, as pre-arranged, and during their absence I went to the telegraph office and sent the following message to General John A. Dix, to his residence at 3 West Twenty-first street, New York:

"You are favored by many of the delegates for Governor. If nominated will you accept? For the sake of the country, answer in the affirmative.

"HENRY CLEWS."

To this I received the following:

"I have telegraphed your dispatch to West Hampton, where my father now is.

"Aug, 21 1872. "JOHN W. DIX."

A short time afterwards the Convention met, and the name of Robertson was presented. The management had been so ably conducted since the departure of Mr. Opdyke, that there seemed to be an overwhelming hurrah in favor of Robertson, though it was evident that many of the delegates did not know why they cheered, except by force of imitation. The Convention at first, as has been the case on many similar occasions—except that there never was any occasion precisely similar to this one—did not seem to know its own mind, and was apparently well in hand by the management. Several most laudatory speeches were made in favor of Robertson, which placed him on the very pinnacle of popularity with the Convention, as manifested by the cheering and wild hurrahs with which the speeches were received. The management was thoroughly convinced that the popular tide had begun to flow in favor of their candidate, beyond the possibility of ebbing until it carried him to port, and there was probably no man in that enthusiastic audience more fully convinced of the fact than Robertson himself.

Several other nominations were made, but that of Robertson overshadowed them all.

When the gavel was about to descend on the choice of the people, as expressed through their intelligent representatives by every sign of enthusiastic approval, the audience being almost exhausted with this high pressure of excitement, and when it was just prepared to relapse into a more thoughtful and deliberate mood, I sprung General Dix on the Convention. The mere mention of the name of that veteran seemed to inspire the vast assemblage with new life. The announcement acted like magic, and appeared to

throw all the previous work of the Convention into utter oblivion.

After Mr. Bruce and the Hon. E. Delafield Smith had spoken, I said: "On behalf of the bankers and business men of New York, regardless of party, the nomination of John A. Dix would do more for the Republican party in the national contest than any other that could be named. No other man would receive equal confidence of the great monied interests of the metropolis."

The scene that followed the remarks of these gentlemen and myself is indescribable. The whole audience arose to their feet and cheered vehemently. If the house had been struck with lightning the caucus managers could not have been more surprised, and Judge Robertson must have begun to doubt his own identity.

Concerning the scene in the Convention at this juncture, the New York *Herald* the next morning had the following:

"The enthusiasm excited by the representatives of Henry Clews carried the Convention, and it only wanted to put the question to the delegates to result in a triumph for the Dix interest. There was great confusion in the hall at this moment. Delegates attempted to make themselves heard from all parts of the hall. There were heard the first notes of the coming avalanche of victory for the Dix ticket. The stentorian voice of a delegate from St. Lawrence, mighty almost as the cataract of Niagara, was heard above the din, proclaiming that the St. Lawrence delegation endorsed the nomination of Dix. Further enthusiasm was thus excited. Then followed Kings, Jefferson, Cayuga and others, lost in the cheering that was incessantly kept up. The whole of the delegation seemed under one impulse to fall into line under the flag raised by Dix as the standard-bearer of the party. Then came a demand that no ballot should be taken, formally or informally, but that the nomination of General Dix be made by acclamation. The Hon. William A. Wheeler, the chairman, said such a motion was not in order, as there were other candidates before the Convention. This difficulty, like every other, was soon swept away in the tornado of excitement consequent upon the sudden and unexpected course of affairs, so lately garbled and mixed up,

had taken; and the clear course that the name of one man, held back to the lucky moment, had arrived, to give it a talismanic power, opened to the previous bewildered senses of the delegates when the Bald Eagle of Westchester, the proposer of Judge Robertson, arose and announced the withdrawal of his nominee's name. A thunder of applause followed this announcement, which was echoed and re-echoed, when the several other proposers withdrew in quick succession the names of their candidates. Then came again the call to put the name of General Dix by acclamation to the Convention. The vote was put and was unanimously carried, with the greatest excitement ever before witnessed at a Convention."

The New York *Times* said editorially:

"The Convention of this State has placed at the head of its ticket two of the strongest names it could possibly have selected. In General Dix it has nominated a Democrat who is free from all the reproaches which the last twelve years have brought upon the Democratic party—a man whose character is without a stain, whose strenuous efforts to assist the Union during the rebellion ought never to be forgotten, who has been one of our most indefatigable assistants in the work of reform, and whose integrity and abilities alike entitle him to the respect of the public. No one can doubt that if we have General Dix as Governor of this State the affairs of the community will be managed with discretion, dignity and a high sense of honor. We purposely refrained from recommending candidates to the Convention, but now that all is over, we need not disguise our opinion that General Dix was the very best man that could have been chosen. Honest Democrats will gladly support him, Republicans have every reason to arrange themselves by his side, for he has identified himself with every great work in which they have been interested. He has always done his duty, no matter what position he has occupied, and we shall be proud to assist in electing him as Governor of this State. If we could not trust such a man as General Dix, it would be very hard to carry on the work of popular government at all."

At the close of the proceedings I sent the following despatch to General Dix:

"I took the responsibility of putting your name forward as a candidate for Governor, and now rejoice in apprising you of your nomination by the Convention by acclamation.

"HENRY CLEWS."

On my return to New York, to my utter dismay, I found the following telegram awaiting me:

"WEST HAMPTON, Aug. 22, 1872.

"HENRY CLEWS:

"I have been compelled to decline.

"JOHN A. DIX."

That afternoon I went down to Long Branch to see General Grant, and spent the evening with him. I showed him the despatch from General Dix, declining the nomination, and expressed the opinion that it was all important that he should be prevailed upon to reconsider his first resolve, and permit his name to head our ticket. "You know, General," I said, "Dix is a war Democrat. He will act as a bridge to bring over to our ranks all the war Democrats. It was chiefly for that reason that I sprung him on the Convention."

General Grant realized the position at once, and fully agreed with me.

I said: "General, you must write a letter to General Dix, urging him to accept the nomination." He wrote to General Dix in a day or two. The veteran was greatly moved by a letter from a renowned brother in arms, but still had some difficulty in making up his mind, lest he might lay himself open to the charge of inconsistency. And here comes in the predominating influence of lovely woman, even cruelly deprived as she is of the ballot. General Dix held his final answer in abeyance until he should consult his wife.

GENERAL GRANT TO GENERAL DIX.

Following is the letter which General Grant wrote after my interview with him:

"LONG BRANCH, N. J., Aug. 24, 1872.

"MY DEAR GENERAL:

"I congratulate you upon the unanimity and enthusiasm of the Utica Convention on the occasion of your nomination for the honorable and responsible position of Governor of the great State of New York. Especially do I congratulate the citizens of that State, almost irrespective of party, upon your nomination. I believe you will receive the active support of the great majority of the best people of the State,

and the secret sympathy of thousands who may be so bound up by party ties and pledges as to force them to support your opponent.

"But to doubt your election would be to impugn the intelligence and patriotism of a people by whose enlightened discrimination such good men as Tompkins, Clinton, Marcy, Fish, King and Morgan have been lifted to the Chief Magistracy of the Empire State. With your election reforms in the State will naturally follow, which all acknowledge have been much needed for years.

"No one acquainted with the political history of New York for the past eight years will claim that all the abuses of legislation are due to Democratic rule, but members, or at least pretended members, of both political parties share the responsibility of them.

"When I read the proceedings of the Convention of the 21st inst., and of the unanimity of feeling in favor of you and your associates on the State ticket, I felt that victory had been already achieved and reform inaugurated in the State of New York.

"Again, I congratulate you, not upon the prospect of being Governor, but upon having it within your reach to render such services to your State.

"It is a happy day when conventions seek candidates, not candidates nominations. This dream has been realized in the action of the Convention of the 21st inst. at Utica, New York.

"I have the honor to be, General, your most obedient servant,

U. S. GRANT."

"GEN. JOHN A. DIX, N. Y."

GENERAL DIX'S REPLY.

"LEAFIELD, WEST HAMPTON, N. Y.,
August 28, 1872.

"MY DEAR GENERAL:

"I am very thankful to you for your kind letter of congratulation on my nomination for the office of Governor of this State. You are aware, no doubt, that I declined it before the Convention was held. I am deeply sensible of the honor conferred on me, especially by the manner in which it was tendered; but my objections to the acceptance of the nomination are so strong, that I would not think of it a moment, were it not for the deep concern I feel in the result of the election, and the great public interests at stake.

"I expect Mrs. Dix to arrive from Europe on the 2nd or 3rd proximo, and as soon as I am able to confer with her, I shall reply to the letter of the President of the Convention, advising me of my nomination.

"I am, dear General, very respectfully and sincerely yours,

JOHN A. DIX."

"HIS EXCELLENCY, U. S. GRANT."

It is evident from this correspondence that General Grant's letter, which I take the credit of having inspired, reinforced by the latent, loving power and good judgment of Mrs. Dix, assisted in the wise decision of the war Democrat to accept the Republican office which was judiciously thrust upon him.

The election of Dix made the second calling and election of Grant sure. The Republican party took General Dix into its fold, and the effect was, as I had anticipated, to bring thousands of others similarly situated, to vote, at the Presidential election, for General Grant.

The Dix nomination was the worst black eye that Mr. Greeley received during that campaign, and the Sage of Chappaqua acknowledged on his death bed that that event, together with the Grant mass meetings at the Cooper Institute, described in another chapter, sealed his political doom.

CHAPTER XXX.

CONSEQUENCES OF THE UTICA (DIX'S) CONVENTION.

A Chapter of Secret History.—Conkling gets the Credit for Dix's Nomination and his "Silence Gives Consent" to the Honor.—Robertson Regards him as a Marplot.—The Senator Innocently Condemned.—The Misunderstanding which Defeated Grant for the Third Term, and Elected Garfield.—How the Noble "306" were Discomfited.—"Anything to Beat Grant"—The Stalwarts and the Half Breeds.—"Me Too."—The Excitement which Aroused Guiteau's Murderous Spirit to Kill Garfield.

THE political events succeeding the Utica Convention and the nomination of General Dix for Governor contain some inside history of more than ordinary importance.

Had I not sprung General Dix on that Convention at the peculiar moment, as described in the last chapter, Judge Robertson would have carried the day with flying colors. It was a sudden and crushing blow to the prospects of himself and his political friends, and it dissipated some of the brightest hopes and brilliant schemes that had ever originated in the fertile brain of Senator Conkling. As a consequence of the unique turn that affairs took on that day, the Senator was placed in a false position in relation to some of his best friends. Several of the latter were put in an attitude whereby they misinterpreted the actions of Senator Conkling at that Convention, and unjustly accused him of betraying friends that he had promised to support. This was the result of a misconception on their part, that the Senator was the prime mover of the *coup d'etat* that surprised the Convention in the nomination of General Dix.

The credit was awarded to Conkling, without any hesitation or inquiry, and he was either too proud. or too indifferent

to public opinion to explain. If he had explained his position candidly the chances are that his explanation would have been taken in a Pickwickian or political sense. In fact, he was in a position where he could hardly escape the responsibility of Dix's nomination, and everybody was ready to believe that the movement in favor of Dix was too good a thing to be engineered by a man of less calibre.

It would have been useless, therefore, for anybody else to explain, as the person attempting to do so would only have been laughed to scorn.

Judge Robertson, himself the greatest sufferer by the curious turn affairs had taken, was the first to believe that the nomination of Dix was one of Conkling's masterstrokes of political policy. He never thought of looking to any other source for its emanation. He believed in his soul it was the work of Conkling, and he thinks so to this day.

I happened to have been better informed, however; but my explanation would have hardly passed muster at that time, and I would have been charged with egotism if I had attempted to explain. I think an explanation is now in order, however, and may point a moral as well as help to adorn a tale.

History is said to be philosophy teaching by example, and one great historian has said that no one event in itself is any more important than another, except from what it teaches posterity by its example. So, for the benefit of posterity, I now state the facts on this historical principle.

I am willing to make affidavit on the revised edition of the good book that prior to the Utica Convention the name of General Dix was not even lisped by Senator Conkling within my hearing, nor was Dix ever thought of even remotely by the Senator as a possible candidate.

I am almost certain that the Senator had taken no action that could possibly conflict with the interests of Judge Robertson prior to the mention of the name of Dix at the Convention. In fact, with the exceptions previously stated,

I am quite certain that the name of Dix was a genuine surprise to the entire Convention, managers and all.

Judge Robertson thought differently, however. He believed that Conkling was the cause of his defeat, and to this misapprehension is due the enmity that sprang up between these two men, and worked with various results to the defeat of the political aims of both ever since.

As I was Senator Conkling's guest, this seemed to create a conviction in the mind of Judge Robertson, without any inquiry into the matter, that I had acted at the instigation of Conkling in bringing Dix to the front; whereas the conception of Dix as the best candidate originated solely with myself, nor did I ever suggest the idea to Conkling until I addressed the Convention, in favor of General Dix.

Believing as he did, that the Senator had played the marplot to such perfection at Utica, Robertson was naturally on the watch for the first opportunity that would enable him to get even with the friend whom he suspected of having so basely betrayed him, and with having blocked his way to political preferment.

This opportunity came at the Chicago Convention, when the Utica statesman was managing matters very successfully to nominate General Grant for a third term.

It is curious that the very circumstance which was most conducive to Grant's success for the second term was the remote cause of his defeat for the third. Senator Conkling had no idea of the deep-seated enmity that lodged in the breast of Robertson. He had done nothing, knowingly, to merit it, and had been calculating on the co-operation of Robertson, as usual. He was not aware of the smouldering fire of vengeance that lay latent in the bosom of his friend. He supposed that Robertson and his co-mates in politics were with him as in days of yore in the support of General Grant. He imagined that he had gone to Chicago with a full hand, but instead of that he was short of some of his best cards, and his enemies had them stocked in a way that finally brought him to grief.

Conkling only discovered his dilemma after the Convention met, when he found to his dismay that Robertson had bolted the Grant ticket.

Robertson had first made an alliance with the Blaine party, but finding an insufficiency of power among that party to carry his point against the solid phalanx of the Grant movement, he joined forces with John Sherman's supporters, who were under the management of James A. Garfield.

The able strategist from Utica, at the head of his 306 chosen followers, so disconcerted the Sherman contingent that it also failed to carry the necessary number of guns.

As day after day passed without any change, it seemed as if the Conkling forces had adopted the motto of Napoleon's old guard, "The Guard dies, but does not surrender."

At length Robertson and his lieutenants collected the shattered ranks of Blaine and Sherman, and with Garfield at their head, like Ney attacking the English centre at Waterloo, hurled them with desperation on the solid square of Conkling, which still remained unbroken.

The united forces, however, with the war cry, "Anything to beat Grant!" carried the day, Garfield was nominated and Conkling retired in good order, but greatly discomfited.

Robertson had taken up this cry at the Convention in the same spirit that was displayed by another man about whom a good story was told during that campaign. He had got that shibboleth on the brain, "Anything to beat Grant!" As the story goes, a prediction had been made by some religious enthusiast that the world was coming to an end early in November of that year. A preacher was reminding his congregation, one Sunday, of the prediction, and the possibility of its fulfilment—at least that it was well to be prepared for such an event. At the conclusion of his exhortation, a man in the congregation arose to his feet, and in a solemnly pathetic voice said, "Thank God." At the end of the service the minister's curiosity was excited to converse

with the man who had so fervently thanked heaven for what most people regarded as a universal calamity. He saw the man, and asked why he had made such a remarkable ejaculation at the prospect of such a terrible consummation. "Anything to beat Grant," was the reckless and self-sacrificing response.

It was in this spirit that the Robertson party made the fight at Chicago, and in this spirit that they triumphed. It was anything to beat Senator Conkling, however, so far as Judge Robertson was concerned, who on other grounds would probably have preferred Grant. Thus he avenged upon the wrong man his defeat at the Utica Convention, and I was permitted to escape scathless, though innocently responsible for blasting his Gubernatorial aspirations.

This was not the end of Judge Robertson's enmity to Senator Conkling, however. When the new Government came into power, Garfield, in making up his cabinet, selected Blaine as a member of that special body. This created a bad feeling between Blaine and Conkling, as it seemed to the latter like a continuation of the conspiracy between Robertson and Blaine, hatched at the Chicago Convention. Thus the seeds of a strong and bitter antagonism were sown between these two leading spirits in the Republican party, each aspiring to be at least the power behind the throne.

After Garfield's inauguration Blaine was made Secretary of State. Great credit for the Presidential success was not only due to Mr. Blaine, but in a large degree to Judge Robertson also, as without his assistance Garfield could not have been nominated. So it was necessary to take care of Judge Robertson too. This was done by making him Collector of the Port of New York. These appointments were severe political blows, which, in the nature of circumstances, fell with full force upon the devoted head of Senator Conkling.

These events led to the sudden resignation of Senator

Conkling and Senator Platt, "Me Too," and a very serious division in the ranks of the party, under the respective names and banners of the Stalwarts and the Half-Breeds.

The excitement growing out of the political battle between these factions aroused the intemperate zeal and insane delusions of Guiteau to kill the President. Thus the thread of cause and effect, when followed up in this way, is entangled in the deepest mystery.

CHAPTER XXXI.

GRANT'S SECOND TERM.

THE BEST MAN FOR THE POSITION AND MOST DESERVING OF THE HONOR.—HOW THE "BOOM" WAS WORKED UP IN FAVOR OF GRANT.—THE GREAT FINANCIERS AND SPECULATORS ALL COME TO THE FRONT IN THE INTEREST OF THE NATION'S PROSPERITY AND OF THE MAN WHO HAD SAVED THE COUNTRY.—THE GREAT MASS MEETING AT COOPER UNION.—WHY A. T. STEWART REFUSED TO PRESIDE.—THE RESULTS OF THE MASS MEETING AND HOW THEY WERE APPRECIATED BY THE FRIENDS OF THE CANDIDATE, LEADING REPRESENTATIVES OF THE BUSINESS COMMUNITY AND THE PUBLIC PRESS GENERALLY, IRRESPECTIVE OF PARTY.

I WISH to relate briefly the part which I took in the re-election of General Grant, whose defeat, when he was spoken of as a candidate for the second term, was foreshadowed among a large number of politicians of every stripe. There were serious divisions in the ranks of his former friends and adherents, and an organized effort was made to destroy his prospects a long time in advance of the meeting of the Philadelphia Convention.

All the political machinery of his enemies, and of disappointed office seekers and their friends, was put in force, and all the tactics and prejudices employed that were put into operation with greater success four years later.

I felt assured that the nomination of any other man might result in the defeat of the party, and that it was absolutely necessary to its strength, maintenance and autonomy that General Grant should again be our choice. He had been tried for one term and found to be a very satisfactory executive. There was no important risk involved in trying him for a second term, while the experiment with another man in the then sensitive, unsettled and tentative condition of

reconstruction, might have been injurious to the best political and industrial interests of the country; and the experiment would have been especially risky if the nominee should have been a Democrat.

The people of the South were not then in a proper frame of mind to be trusted with any power implying the mere possibility of obtaining a controlling influence in the affairs of the Government. I perceived it was important that the Republicans should make a nomination that had a fair prospect of being successful, and I felt satisfied that the result would be extremely doubtful if we should nominate any other man.

Besides, no other man was more deserving of the national compliment, considering that he had done so much to terminate the struggle for national existence, and had been the chief force in suppressing the Rebellion. His genius and courage had been chiefly instrumental in preserving to the country the blessing of a Republican form of Government. For this boon no people could ever be too profuse in the manifestations of their gratitude.

This was the patriotic feeling deep in the hearts of the people at large, but there was a secret movement engineered by "sore-head" politicians, behind whom were even more dangerous enemies, to thwart patriotic purposes. Some of these conspirators had been brooding over latent schemes of anarchy for a long period, and had been attempting to put them in organic shape before half the first term of General Grant had expired. They were hard at work training public opinion, by every means in their power, to prevent Grant's renomination.

This hostile element was sedulously hatching scandals and ventilating them in subsidized newspapers, and through various other disreputable channels.

This opposition increased in violence and intensity, and as the time approached when the country was to choose its next President, the renomination of General Grant became

a matter of serious doubt, even to some of his most enthusiastic supporters. It had become a foregone conclusion that the Democrats would draw largely from the Republican ranks, and the anxiety on this point was intensified by the hostility of the *Tribune*, and the prospect of Horace Greeley's candidacy. It was absolutely necessary, therefore, that an energetic effort should be made, and the requisite steps taken to ensure General Grant's success at the Convention.

I entered into this feeling with a great deal of personal enthusiasm. What was my motive? some one reading this may ask.

Because I believed the sacredness of contracts, the stability of wealth, the success of business enterprise, and the prosperity of the whole country depended on the election of Grant for President.

If the reader wants to get at the selfish motive, as all readers do, I shall be perfectly candid with him in that respect also. Of course I knew that Wall Street business would boom in the wake of this general prosperity. That was the selfish motive, from which no man is free. Of course, I expected to share in Wall Street's consequent prosperity.

I did not want office, as several of the highest were offered me which I respectfully declined; and no office in the gift of the people would have compensated me financially; and moreover, my highest ambition has been satisfied in my own line of business.

I went to work then in the interest of Grant for the second term. I employed numerous canvassers at my own expense, to find out the minds of the representative business men on the subject, and to talk the matter up with those interested in Republican success. These men reported to me daily, and in a short time I had sounded the minds of that part of the business community who had the greatest stake in the country, and whose influence is always most felt when any important achievement is to be compassed. I sent out a petition, and obtained the names of a splendid array of

merchants and business men of all shades of opinion and politics in favor of Grant. Following is the heading of the petition:

"A PUBLIC MEETING.

"To the merchants, bankers, manufacturers and other business men in favor of the re-election of General Grant:

"The undersigned, desiring publicly to express their earnest confidence in the sagacity, fidelity, energy and unfaltering patriotism, so signally displayed by Ulysses S. Grant in securing the restoration of peace at home, upholding national rights abroad, and in maintaining throughout the world the honor of the American name, do hereby invite their fellow citizens to assemble in mass meeting at the Cooper Institute, on Wednesday evening, the 17th of April, 1872."

This call was chiefly the result of the personal canvass which I had instituted a few weeks previously. I selected the names of the persons to be called on from day to day, and kept these men working the matter up, until I had secured almost all the reputable business firms in the city of New York. The following, whose original signatures I have still in my possession, were prominent in the list:

WILLIAM E. DODGE,
JOHN C. GREEN,
HENRY F. VAIL,
GEORGE T. ADEE,
REV. SAMUEL OSGOOD,
WILLIAM H. FOGG,
BENJAMIN B. SHERMAN,
ROBERT L. STEWART,
WILLIAM HENRY ANTHON,
E. D. MORGAN,
JAMES BUELL,
H. B. CLAFLIN,
W. R. VERMILYE,
WM. M. VERMILYE,
CHARLES L. FROST,
NATHANIEL HAYDEN,
JESSE HOYT,
WILLIAM BARTON PEAKE,
EMIL SAUER,
JACOB OTTO,
JOSEPH STUART,
J. STUART,
THOS. GARNER ANTHONY,
FREDERICK S. WINSTON,
MORRIS FRANKLIN,
WM. C. BRYANT,
R. H. McCURDY,
JOSEPH SELIGMAN,
THEODORE ROOSEVELT,
WILLIAM ORTON,
CHARLES P. KIRKLAND,
PETER COOPER,
HUGH J. HASTINGS,
SAMUEL B. RUGGLES,
CORTLANDT PALMER,
JONATHAN EDWARDS,
CHARLES KNEELAND,
S. R. COMSTOCK,
PITT COOK,
THOMAS J. OWEN,
OTIS D. SWAN,
GEORGE OPDYKE,
HARPER & BROS.,
JOHN C. HAMILTON,
GEO. W. T. LORD,
SAMUEL T. SKIDMORE,
JONATHAN STURGES,
WM. H. VANDERBILT,
SHEPARD KNAPP,
WM. H. ASPINWALL,
J. S. ROCKWELL.

It is sad to reflect that these are all now numbered with the mighty dead.

These names will serve to show the great number of prominent people gradually departing from us every few years.

The name of the number of those yet alive who signed that petition is legion. In fact those who did not sign it were those whose names were not worth having. To put it mildly, I secured through their own signatures, by this method, all whose names were desirable. Our forces having been mustered in this way, the next thing was to disconcert the enemy, and inspire our own party by showing our available strength, and the power and enthusiasm behind the movement. This we proceeded to do by calling a mass meeting at the Cooper Institute for April 17, 1872.

The meeting was an immense success, in numbers, brains and respectability. The hall was crowded and the outside meeting was several times larger.

Mr. A. T. Stewart had been invited to preside. He had been a warm friend of General Grant, but had then become lukewarm and indifferent, owing to the fact that he had failed to obtain a Custom House promotion for one of his wife's near relations. I had endeavored for several days to soften Stewart's heart and get him to consent to be chairman of the meeting, but he was incorrigible. Finally, I succeeded in extorting a promise from him that if he did not vote for General Grant he would not vote against him, but beyond this it was impossible to mollify him. He was a paragon of obduracy when he had once resolved upon any course. Even the recollection that he, though an alien born, had been offered the second highest position of trust in the nation, Secretary of the Treasury, which he could not accept on account of being in business, failed to draw out his feelings of gratitude sufficiently to forget the fancied slight of refusing his wife's relative promotion.

Failing to secure Mr. Stewart, I invited Mr. William E.

Dodge to preside. He graciously accepted the invitation and made a very good chairman indeed.

The array of Vice-Presidents was said to excel anything that had ever appeared in a similar list of the proceedings of any meeting in this city.

I had invited Fred. Douglas and P. B. S. Pinchback, the eminent colored orators, to the meeting, but they could not attend, as they were at a New Orleans convention of their own people. Mr. Rainey, a colored gentleman, spoke most eloquently and with telling effect. This was the first time since the war that a colored orator had addressed a meeting of whites on politics in New York, or probably in the North. Prior to this the colored vote for Grant had been in doubt, as Horace Greeley, whose name was a word to conjure with among these people, had recently been swinging around the circle down South, with a view of capturing alike the vote of the colored people, who loved him, and that of the Democrats, who hated him. By a curious fatality he failed to capture either. As Blaine has truly said of him: "No other candidate could have presented such an antithesis of strength and weakness."

There had been no meeting for a long time previous to this that had been the cause of such an enthusiastic awakening in the party and among politicians generally over the whole country, as this great demonstration of the people at the Cooper Union. It crushed the aspirations of the so-called Independents and smothered the lingering hopes of the Democratic party.

In order to show the influence of this mass meeting upon the destiny of political parties in the Presidential election of 1872, it will be necessary to take a retrospect of the impression it made on parties most deeply interested in the result, and to make known their private opinions on the subject. Inside history of this nature is always instructive, and time has clothed with the attribute of public property, what at one time was a very precious political secret.

Among the striking incidents of the night of that meeting I distinctly recollect one that was truly prophetic, in regard to Senator Henry Wilson, of Massachusetts. A number of the speakers and other prominent men took supper with me at the Union League Club after the meeting, and in proposing the health of Senator Wilson, who had spoken so eloquently, I nominated him for the Vice-Presidency, and sure enough he was afterwards elected to that position.

I shall take the liberty in this place of introducing to the reader a few letters hitherto unpublished, which throw considerable light on the value of the political work done by myself and friends at that time, and how it was appreciated by those most deeply interested in its outcome.

The following from the White House shows how anxiously the current of events was being watched from that great centre :

"EXECUTIVE MANSION,
WASHINGTON, D. C., April 17, 1872.

MY DEAR CLEWS:

I have received your several interesting letters in regard to the great meeting in New York, and have shown them to the President, who read them with deep interest. I have not written any suggestions, because I know you, being on the ground, could judge so much better of the situation, and the temper of the New York people. You have done a great work, and this evening's success will, I have no doubt, be the reward of your efforts. We shall look anxiously for the reports. What you say is curious about the use of Dix's name and others. Our people are at work in Congress getting up telegrams signed by the Republican members of all the State delegations endorsing the administration of General Grant. I wish we had thought of these sooner, but still we can get them all in time, I hope. I have just come from the House, where I was looking after this matter. Wishing you every success,

I remain yours very sincerely,
HORACE PORTER,
(Sec'y to President Grant.)

After the meeting the President's Secretary writes as follows :

EXECUTIVE MANSION,
WASHINGTON, D. C.,
April 19, 1872.

MY DEAR CLEWS:

I have only a moment before the mail closes to say how earnestly we all congratulate you upon the great success of the meeting.

It was glorious and genuine. We read the proceedings in full in the *Times* last night. It has created a marked effect in Congress and elsewhere. Nearly every Republican in the House would have signed the congratulatory telegrams, but the movement was started so late in the day that the paper was not presented to any one.

Yours very truly,
HORACE PORTER.

The following, from the Hon. Roscoe Conkling, is a very flattering reminiscence, which I highly appreciate :

UNITED STATES SENATE CHAMBER,
WASHINGTON, April 19, 1872.

MY DEAR SIR :

As a New Yorker and a Republican, I want to thank you for the great service you have rendered our country and our cause in conceiving and carrying forward the great meeting of night before last.

The effect of it will be wholesome and widefelt ; it was most timely, and its whole management was a success. Our friends all, I think, know and appreciate the large debt due you in the premises.

Noting your suggestions as to the future, I lay them to heart.

Yours sincerely,
ROSCOE CONKLING.

HENRY CLEWS, Esq.

The New York *Herald's* special from Washington next day after the meeting said :

"The President, in conversation with Senators who called upon him this morning, expressed himself as much pleased with the demonstration in New York last night, which he regards only as evidence of the popularity of the Republican party. He has been assured, from reliable sources, that the leading Democratic merchants and bankers in different parts of the country are anxious that the Republican party may completely triumph at the coming Presidential election, as the surest way of maintaining our credit, and resisting anything like a financial crisis, which they regard as certain if their own party should succeed."

Following are the address and resolutions expressed through the representatives of a grateful people in favor of the hero who had saved the country :

Grant Meeting at Cooper Institute, March 17, 1872.—*Address and Resolutions.*

ADDRESS.

Hon. E. Delafield Smith, on behalf of the Committee of Arrangements, read the following address, remarking that it was prepared by one of the most eminent and substantial of our business men :

The administration of public affairs under the government of President Grant has been eminently wise, conservative and patriotic; our foreign relations have been conducted with a scrupulous respect for the rights of other nations, a jealous regard for the honor of our own; the noble aspiration with which General Grant emphasized his acceptance of his great office, "Let us have peace," has been happily realized; the Union has been completely re-established on such principles of justice and equity as to insure its perpetuity; the Constitution, with all its amendments, has been adhered to with rigid fidelity; domestic tranquility has been restored; a spirit of humanity has been infused into our Indian policy; the revenues of the country have been faithfully collected and honestly disbursed, so that, while the burdens of taxation have been materially lightened, the public debt has been largely reduced, and the national credit appreciably strengthened; all branches of industry have been stimulated to healthy activity; and throughout the length and breadth of the land security, prosperity and happiness reward the perils and sacrifices by which the rebellion was suppressed and the Union preserved.

It is an act of poetic justice that the soldier whose victories in war, and the statesman whose triumphs of peace have made the last decade the most glorious in the annals of American history, should receive an earnest of the gratitude of his countrymen by his re-election to the Presidency.

It is an auspicious circumstance that the people are evidently awakening to a higher sense of the duties and responsibilities of public officials. There is a general disposition to hold men entrusted with place and power to a strict accountability for their acts, and to demand that honesty and capability shall be the inflexible conditions of appointment to office. The recommendations of the president in favor of the principles enunciated in the report of the Civil Service Commission, were timely and apposite, and deserve universal endorsement.

Numerous investigations have been set on foot during the present session of Congress, having for their object the discovery of corruption in the public service. Disaffected Republicans and partisan Democrats have made common cause in the endeavor to elicit evidence tending to show acts of wrong doing, and to implicate the President in knowledge or toleration of such acts. As in the days of Daniel, "they sought to find occasion against him." But, like the enemies of Daniel, "*they could find none occasion nor fault, forasmuch as he was faithful, neither was there any error or fault found with him.*"

The more incisive the scrutiny, the more palpable the demonstration of his purity. The cost of pursuing these investigations has exceeded the aggregate loss incurred by the Government through the dishonesty of its subordinates since the administration came into power.

A record so clear and honorable challenges the admiration, and com-

pels the approval of citizens whose only aim is to secure a stable and beneficent Government—to preserve inviolate the faith of the nation—to give security to capital, adequate reward to labor, and equal rights to all.

With the grievances of disappointed office seekers, the masses who thrive by their own toil, cannot be expected to find time or patience to sympathize. Whether this Senator has had more or that Senator less than his share of patronage, are insignificant questions compared with the grave issues involved in a Presidential canvass. It is the constitutional prerogative of the President to make appointments to office. That he has not exercised these functions unwisely, the success of his administration abundantly proves.

Believing that General Grant's civic career fitly supplements his military greatness, that he has brought to the discharge of his duties to the State the same energy, foresight and judgment which marked his achievements in the field, and made his campaigns from Donelson to Appomatox for ever illustrious; and that he possesses and deserves the confidence of the American people, we pledge to him our united and hearty support as a candidate for re-election.

RESOLUTIONS.

Hon. E. Delafield Smith, Chairman of the Committee on Resolutions, presented the following:

First. That the merchants and mechanics, the bankers and business men of New York, represented in this meeting and in the call under which it is assembled, are satisfied with the wisdom, ability, moderation and fidelity with which the national government is administered, and in common with the bulk of our brethren throughout the Union favor the continuance of its distinguished head in the office which he holds with usefulness and honor.

Second. That the practical result of the coalition movement, if successful, would be to restore the Democratic party to power.

Third. That such a restoration, after the late glorious triumph over rebellion, would read in history like the record of a Tory resurrection at the close of our revolutionary war.

Fourth. That Republicans elected to office mainly by those who assailed the Union at the South and at the North embarrassed its defenders, would inevitably become serviceable to the powers that sustain them, like those northern presidents who were chosen by the South and did its bidding better than its own statesmen.

Fifth. That the patriotism that made Grant President of the Republic he saved, is akin to that which placed Washington at the head of the nation he created. The trust was accepted by each at a manifest sacrifice of interest and inclination, with modest misgiving as to civil experience and qualification. But having been well and wisely administered, the confidence implied in a re-election is an appropriate reward

for faithful services, and accords with the broadest views of public policy.

Sixth. That against hostile criticisms and unfounded imputations, against alluring promises and prismatic theories,—we array the practical reforms constantly inaugurated and the substantial results already achieved by the present administration. The chronic vices of existing systems, unfairly paraded to its injury, have been placed in a course of amelioration or removal. The reduction of the national debt has elicited the admiration of the world. Our diplomacy has made peace the ally of national honor. And our President has been in deed as in name a kind and "great father" to the Indian tribes still lingering within our borders.

Seventh. That while honorable opposition is entitled to respect, every effort to blacken, for political purposes, the character of President Grant, is a crime against truth which vindicates him, and an insult to the American people who honor and exalt him. Pure in private as irreproachable in public life, with strong convictions yet deferential to the popular will, patient under attack, more ready to listen than to speak, with no display and no ostentation—those who know him best bear testimony to the sense, the sagacity, and the power of analysis by which his utterances are characterized and impressed.

Eighth. That in the judgment of this meeting a majority of the people of the country expect, desire, and decree the re-nomination and re-election of Ulysses S. Grant.

SPEECH OF HON. E. DELAFIELD SMITH.

Mr. E. Delafield Smith said:—Fellow Citizens:—It is manifest to us all that President Grant will be re-nominated at the Convention in Philadelphia. It is equally clear that such is the wish of the American people. This is due to a confidence reposed in him by the "plain people" of the country, which no misrepresentation seems able to impair. His opponents assert that the public declarations in his favor are influenced by the office holders. But this cannot well be, for the office *holders* are always far outnumbered by the office *seekers*. With regard to executive patronage, it is as true now as when Talleyrand first said it, that every office conferred makes one ingrate and forty-nine enemies. The truth is, possession of the offices is a source, not of strength, but of actual weakness to any political party. In spite of this, General Grant is so strong and popular that a coalition is frantically sought as the only and forlorn hope of defeating him. It is thought that the Democratic masses can be carried over bodily to the few Republican seceders. But the moment the Democratic organization is relaxed, it will lose its hold upon thousands of its own members, and they may and will prefer in voting for a Republican to make the choice themselves, and they will rally in large numbers to the hero of our patriotic armies. The coalition meet-

ing, lately held in this city, recalls the old arrangement as to colored troops, where the officers were white men, but the rank and file negroes. So here, the platform was covered with Republicans, but the audience was made up of Democrats. In thus acting with their old opponents our disaffected friends boast of their independence, and impute servility to us. But they are wrong. That man is most independent who is at once loyal to his country, true to his party, and faithful to his friends! With these brief observations, I move the adoption of the address and resolutions.

My only apology for inserting the above address and resolutions is, that I believe they constitute a valuable epitome of a very important chapter, yet to be more fully written, of the political history of the United States.

A greater criterion of the success of the meeting, however, was the editorial opinion of the *Evening Post* next day, which had been for a long time previously very bitter in its attacks upon General Grant. It said:

"The meeting held last evening at the Cooper Institute was, we believe, without precedent in our political history. It was expressly called as a gathering of that branch of the Republican party which desires the nomination and re-election of President Grant. Yet, when it came together, the officers and speakers assumed that it was a mass meeting of the Republicans of New York. This is to say, according to the organizers and promoters of this gathering, the one test of Republicanism now is the political support of one man's aspirations, and that before any nomination has been made by that party. This is a singular position to receive the approval, at least, by their acquiescence, of such men as some scores of those whose names are prominent in the report of the meeting, and who, as we know, would prefer some other candidate than General Grant, if they could hope to control the Philadelphia nomination.

"The power of this meeting was wholly in its organization. The list of officers chosen by it is, on the whole, the best, most reputable, and most influential commanded by any partisan meeting within our recollection. There are a few names on it which disgrace their fellows; there are many which carry no weight, but an unusually large proportion of the very long list are eminent and representative names in this city. The audience assembled was in many respects in keeping with the officers. It consisted mainly of reputable, thoughtful voters."

The good work was continued until November with the result that is now historical.

The New York *Sun* said: "We believe that Henry Clews did more, in a pecuniary way, to promote the success of Grant, than any Republican millionaire of the Union League Club"

Another mass meeting was held late in the fall. Referring to it, and other events of that period, the President's Secretary writes a few days prior to the election as follows:

WASHINGTON, D. C., Nov. 2, 1872.

MY DEAR CLEWS:

We are all greatly obliged for the documents and information which you have sent us during the campaign. The President says the list of vice-presidents of the last Cooper Institute meeting is the most remarkable list of prominent names he has ever seen upon one paper. It will of itself do great good.

Our news is charming from all quarters, and all our hopes will, without doubt, be fully realized on Tuesday next.

If the defeat of the enemy is overwhelming, it will be sufficient reward for all our labors.

Your very truly,

HORACE PORTER.

To show still further the interest which the leading merchants, bankers and business men of this city took in the movement to re-elect General Grant at that time, the following circular furnishes an excellent and historical record. It constitutes, in a small compass and compact form, a valuable chapter of financial history:

CIRCULAR

Of the Business Men of New York on the Financial Condition of the National Debt of the United States. Further Reduction October 1, 10,327,000 Dollars.

The undersigned, merchants, bankers and business men of New York, respectfully submit the following statements for the information of all parties interested therein:

The Republican candidate for President of the United States is Gen. Ulysses S. Grant, who was unanimously named for re-election at Philadelphia, in May last.

At the commencement of Gen. Grant's first term of office, March 4, 1869, the national debt was $2,525,000,000. On the first day of September, of the present year, there had been paid and cancelled of the principal of this debt, $348,000,000, leaving a balance of principal remaining

unpaid at that date, in accordance with the official statement of the Secretary of the Treasury, the sum of $2,177,000,000.

Of this amount, $1,177,000,000 are represented in a funded debt, bearing interest in gold, while $400,000,000 remain unfunded in Treasury circulation.

Up to the close of the last session of Congress, the annual reduction of taxes, as measured by the rates of 1869, had been as follows:

Internal revenue tax	$82,000,000
Income tax, (repealed,)	30,000,000
Duties on imposts	58,000,000
Making a total reduction of	$170,000,000

The reduction of the yearly interest on the public debt exceeds the sum of $23,200,000, of which $21,743,000 are saved by the purchase and cancellation of the six per cent. public securities.

A careful consideration of these results of a prudent and faithful administration of the national Treasury, induces the undersigned to express the confident belief, that the general welfare of the country, the interests of its commerce and trade, and the consequent stability of its public securities, would be best promoted by the re-election of Gen. Grant to the office of President of the United States.

New York, Oct. 4, 1872.

PHELPS, DODGE & CO.,
GEORGE OPDYKE & CO.,
A. A. LOW & BROTHERS,
JOHN A. STEWART,
VERMILYE & CO.,
JAY COOKE & CO.,
JOHN STEWARD,
HARPER & BROTHERS,
JOHN TAYLOR JOHNSTON,
FREDERICK S. WINSTON,
PEAKE, OPDYCKE & CO.,
MORRIS FRANKLIN,
SCHULTZ, SOUTHWICK & CO.,
J. S. ROCKWELL & CO.,
ROBERT H. McCURDY,
WILLIAM M. VERMILYE,
R. W. HOWES,
WILLIAM CULLEN BRYANT,
C. L. TIFFANY.
SPOFFORD BROS. & CO.,
JOHN C. GREEN,
H. B. CLAFLIN & CO.,
MOSES TAYLOR,
WM. H. ASPINWALL,
ROBERT LENOX KENNEDY,
S. B. CHITTENDEN & CO.,
JAMES G. KING'S SONS,
HENRY E. PIERREPONT,
EMIL SAUER,
BOOTH & EDGAR,
WILLIAM ORTON,
ISAAC H. BAILEY,
SHEPHERD KNAPP,
WILLIAMS & GUION,
EDWARDS PIERREPONT,
RUSSELL SAGE,
PETER COOPER,
ANTHONY, HALL & CO.,
GARNER & CO.,
J. S. T. STRANAHAN,
E. D. MORGAN & CO.,
DREXEL, MORGAN & CO.,
AUGUSTINE SMITH.
WM. H. VANDERBILT,
MORTON, BLISS & CO.,
JONATHAN STURGES,
J. & W. SELIGMAN & CO.,
J. & J. STUART & CO,
JOHN A. PARKER,
BENJAMIN B. SHERMAN,
JOHN D. JONES,
J. D. VERMILYE,
SAMUEL T. SKIDMORE,
HENRY F. VAIL.
LLOYD ASPINWALL,
JACOB A. OTTO,
GEORGE W. T. LORD,
SAMUEL McLEAN & CO.,
HENRY CLEWS & CO.,

CHAPTER XXXII.

THE TWEED RING, AND THE COMMITTEE OF SEVENTY.

THE RING MAKES ITSELF USEFUL IN SPECULATIVE DEALS.—HOW TWEED AND HIS "HEELERS" MANIPULATED THE MONEY MARKET.—THE RING CONSPIRES TO ORGANIZE A PANIC FOR POLITICAL PURPOSES.—THE PLOT TO GAIN A DEMOCRATIC VICTORY DEFEATED AND A PANIC AVERTED THROUGH PRESIDENT GRANT AND SECRETARY BOUTWELL, WHO WERE APPRISED OF THE DANGER BY WALL STREET MEN.—HOW THE COMMITTEE OF "SEVENTY" ORIGINATED.—THE TAXPAYERS TERRORIZED BY BOSS TWEED AND HIS MINIONS.—HOW "SLIPPERY DICK" GOT HIMSELF WHITEWASHED.—OFFERING THE OFFICE OF CITY CHAMBERLAIN AS A BRIBE TO COMPROMISE MATTERS.—HOW THE HON. SAMUEL JONES TILDEN, AS COUNSEL TO THE COMMITTEE, OBTAINED HIS GREAT START IN LIFE.

THE Tweed Ring had considerable experience in and out of Wall Street for several years during the municipal reign of the famous Boss. I have made some reference to their attempts to manipulate the market through tight money, in my biographical sketch of that Wall Street celebrity Henry N. Smith.

The Ring was often highly subservient in assisting certain operators in speculative deals in stocks, one notable instance being in Hannibal & St. Jo. shares, which resulted in a terrible loss to Boss Tweed & Co. This stock became quite neglected for a long period afterwards, and so remained until the famous "corner" was engineered many years after by John R. Duff, of Boston, through his New York broker, Wm. J. Hutchinson, and by which poor Duff was almost, if not entirely, ruined. It is only justice to Mr. Duff, in this connection, to state that he was not to blame, as an exhaustive investigation by the Governing Committee of the Stock Exchange showed that his trouble chiefly arose through

flagrant dishonesty and betrayal of trust on the part of his agent, in whom he reposed too much confidence.

Boss Tweed and his special retainers sometimes made Wall Street instrumental in engineering national and State political movements. About the time of an election, if their opponents happened to be in power, the Ring would produce a stringency in the money market, by calling in simultaneously all the city money, which was usually on temporary loans in the Street.

This the Ring managers would accomplish through some of the banks which were the depositories of the city funds, and were under their control.

By this means they worked up a feeling of antagonism against the Republicans who were in office, by throwing the blame on them, and thus rendering them odious in the eyes of those who had lost money in speculation. The blame was not unnaturally fastened on the party in power, and most men, when they lose money, are credulous enough to believe anything that seems to account for the manner in which the loss has been sustained. It seems to have a soothing effect upon their minds, and furnishes them with a tangible object upon which they may wreak their vengeance and feel satisfied. There is nothing so irritating to the disappointed speculator as the harassing doubt of where to fix the blame.

The Tweed Ring supplied this long-felt want, and filled the aching void in the heart of the man who happened to get on the wrong side of the market. When speculators frequently had their margins "wiped out," and were almost beggared of everything except their votes, they found that consolation which Wall Street refused them, in the sympathetic hearts of Tweed's "heelers," who pointed to the poor office-holders of the Republican party, representing them as the sole possessors of Pandora's box, which contained all evils that flesh is heir to.

So these financial disasters were brought about by the Tweed party for the purpose of getting their friends into office,

which always paid tribute to the Boss when he was instrumental in elevating a person to a fat position. He, himself, did not want any better office than receiver general of this tribute.

In those days a Presidential election was largely influenced by the way Pennsylvania went, so that it had grown into a political maxim, "As goes the Keystone State so goes the Union."

In the Spring of 1872, the year in which General Grant was the Republican candidate for the second term, when it was decided that Horace Greeley should be the Democratic candidate, great efforts were made to produce a panic in Wall Street. It was arranged by the Tweed party that the panic should take place simultaneously with the State election in Pennsylvania, so as to illustrate the evil results of Republican rule, and turn the influence in favor of Mr. Greeley's election.

I received intimation of this politico-speculative conspiracy, and communicated my information to Senator Conkling, who was stopping at the Fifth Avenue Hotel at the time. I told him that the Democrats were working up a panic to help to defeat General Grant. He said it was the first he had heard of it, but it was so like a move that Tweed and his party would make, that he felt there was just cause for alarm about it, and he requested me to go and see Governor Morgan, and also George Opdyke, on the subject. I found that the Governor was at a church meeting, and I left my card telling him to call upon me at the rooms of the Republican National Committee, as I wanted to see him upon important business. I left word for Mr. Opdyke to call also.

The Governor soon presented himself at the Committee rooms, and I divulged to him my information and suspicions. He did not exhibit so much interest as I imagined the importance of the case demanded, and he appeared to doubt the correctness of the report of the political inten-

tions of the Tweed Ring, or rather he seemed to imagine that the Ring was hardly capable of a move that involved such subtlety and depth of design. Therein he greatly underestimated the power, resources and statecraft of Peter "Brains" Sweeney. The Governor was of a phlegmatic temperament, and it was difficult to convince him of anything that was not very clearly demonstrable. I told him that my information was of such a positive and reliable nature that I knew I was right, and that if there should be a panic in Wall Street I had serious apprehensions that it would prove disastrous to the Republicans in the national campaign.

Governor Morgan appointed a meeting for the next day to discuss the matter more fully and obtain further light upon the subject. I took with me to see the Governor, whom I had now convinced of the reality of the political plot, Mr. George Opdyke and Mr. H. B. Claflin.

In the meantime the Governor had seen Travers, who, being an inveterate bear on the situation, had an inkling of what was in progress to break the market. The Governor had satisfied himself that my representations were correct, and that trouble was really brewing. He then entered with earnestness into the question of the best policy to be adopted to obstruct the schemes, and frustrate the purposes of the Democratic party.

I then suggested, that as the matter did not admit of delay, it was highly essential that some one, or more, of us should go to Washington to see General Grant. The Governor said he could not go. I could not go, and neither could Mr. Claflin. So Mr. Opdyke, who was very ready in such matters, consented to bear the important message in person, provided we all agreed to back him up by writing a strong letter to the President, setting forth the facts in relation to the emergency. This we did, and Mr. Opdyke left at once for Washington. This was on Friday evening, and he transacted his business with more than ordinary despatch, and

returned on Sunday morning. He sent for me, and told me that he had explained the matter to the President, who felt exceedingly grateful for the warning which he and our letters had conveyed, and that he had forthwith consulted with the Secretary of the Treasury, and it was resolved to order the purchase, on Monday, of ten millions of bonds, and the sale of ten millions of gold, for the purpose of averting, in advance, any financial disturbance that might arise through the project of the Tweed Ring to create an artificial stringency in the money market.

Then I saw that these men who were engaged in the conspiracy to create a panic, and benefit themselves both politically and financially by its results, were a deeply designing lot, and that under the law, gold could be bid up, the highest bidders obtaining it, having the option of either paying by depositing their money in payment for it in the National depositories, which were the Fourth National Bank and the Bank of Commerce, or else depositing it in the Sub-Treasury. If deposited in the latter it would be locked up, and the effect intended by the Treasury, to make money easy, would be neutralized, in so far as the influence of the money as a circulating medium was concerned.

In order, therefore, to provide for that probable contingency, my firm subscribed for the whole ten millions of gold, the names being the clerks of my office. We were awarded eight millions, and we paid the money into the Bank of Commerce, and the Fourth National Bank, through which it was brought into circulation.

Thus ten millions of greenbacks and also ten millions of gold came fresh from the Sub-Treasury into circulation immediately, promptly anticipating and defeating the machinations of the Ring.

The Tweed Ring being "all broke up" on this deal, the effect was magical on the market. The plans of the conspirators had been entirely upset, and the Pennsylvania election took place a few days afterward with an overwhelming majority for the Republicans.

Had the panic, which was projected by the Ring, taken place, the result might have been otherwise, and the re-election of Grant thus jeopardized.

After this triumph over Tweed and his gang, I set my wits to work to plan their overthrow. I saw that their power was entirely money power, obtained by official position through official theft. I was satisfied that these patriots who had put their hands up to the elbows in the City Treasury of New York were bent upon buying, stealing or otherwise obtaining their way to the National Treasury at Washington.

They had hoped to do there on a large scale what they had accomplished on a smaller scale in the city of New York, where they were becoming restive under their limited resources.

It was with the view of suppressing the dangerous aspirations of this band of political marauders that I originated the well known Vigilance Committee of Seventy, and at the first meeting to organize this committee I nominated sixty-five of its members.

The committee was thus backed at the start by so many prominent citizens as to make it at once a power in the community.

Then for the first time in many years the citizens of New York were emboldened to become outspoken on the subject of political plunder and tyranny, and against the officials who had ruled the city with a rod of iron.

For a long time previous to this there had been grave suspicions that robbery on a large scale was being perpetrated, but no one dared to give utterance to the fact except with bated breath and in half smothered whispers. No one, with the possible exception of a few who were not taxpayers, had the temerity to open his mouth to say a word against the desperate men who controlled the destinies of the city, through fear that on the event of any remark reaching the ears of the Boss or his minions, the property of the person

thus offending should be marked up to an artificial value and his taxes accordingly increased. This was one of the most effective methods pursued by the Ring to choke off unfriendly criticism by the rich men of the city. In this way the power of some of the most influential citizens became paralyzed, being held in complete subjection under the terrorism of this subtle system of blackmailing.

The power the Ring possessed of covering up the rascality of its members and bamboozling the public is hardly conceivable at this day except by those who had experience of it at the time. As an instance of this I may state that some time prior to the appointment of the Committee of Seventy certain accusations were ventilated against Richard Connolly, the City Comptroller. He put on a bold front, and insisted upon an investigation of his department by a committee of leading and prominent citizens. He named his committee, who were Moses Taylor, Marshall Roberts and John Jacob Astor. These were men against whom no person could have any objection. They were wealthy and independent citizens, and it might have been difficult at the time to have selected any other three who commanded greater confidence in the community. The investigation, through the unblushing effrontery and audaciousness of Connolly and his "pals," resulted in an acquittal of Mr. Connolly, which gave him a new lease of political life, and rendered it more dangerous than ever for any one to utter a word of hostile criticism against his methods of managing the city finances.

Results showed, when the Ring was exposed, that Connolly had made the very best use of this investigation in appropriating additional sums out of the City Treasury.

The Ring was now supreme in city affairs, and the city was under a reign of terror. This state of things existed until the summer of 1872, when the Committee of Seventy got into harness, after which the despotic thieves that had ruled the roast so long, were driven from power one after another

in rapid succession, and scattered to the four corners of the globe.

The task of ousting this brazen band of plunderers, root and branch, was attended with considerable difficulty, as their resources were so numerous and powerful. When they were no longer able to exercise their arbitrary power they stooped to every form of cajolery and bribery in order to adhere to the remnant of their official authority. As an illustration of this, I may state that at the beginning of my efforts in connection with the Committee of Seventy I was waited upon by a member of the Ring and asked if I would not accept the position of City Chamberlain. I said: "That is a matter, of course, which I could not decide upon at once, as there is no vacancy at present. It will be time enough for me to consider the matter when a vacancy occurs, and then when the position is offered to me."

This answer carried with it an intimation, which I had intended, with a view of drawing out some of the internal methods of procedure in such cases, that I would probably accept the position and help to smooth over impending revelations. I thought that the end which the Committee had in view justified this means of mildly extorting an important secret in methods of Ring management, that was calculated to aid us in the work of municipal reform.

Next day I was again waited upon by one of Tweed's most trusty friends, who graciously informed me that the City Chamberlain had resigned, and that there was a vacancy which I could fill to the entire satisfaction of the then appointing power. I desired him to convey my feelings of deep gratitude to the powers that were then on the point of being dethroned, and to say that I very respectfully declined the flattering offer. I said that I had thought earnestly over the matter since the previous day, and as I was a member of the Committee of Seventy, which was a reforming organization, I felt that I could not conscientiously accept the position.

It was necessary that the office should be filled immediately, and it was next offered to Mr. F. A. Palmer, President of the Broadway Bank, which had been one of the Ring's depositories of the city funds.

Soon after this the majority of the city officials had resigned and taken their flight to parts unknown. They were scattered broadcast over the world. Some had gone to Europe, some to Cuba, and others to that favorite and paradisaical colony of defaulters, the New Dominion, leaving the Committee of Seventy, as a reform and revolutionary body, in complete control of the city.

Tweed remained, but was not quite so audacious in putting his pet interrogative, "What are you going to do about it?" He seemed to be convinced that the Committee of Seventy meant business. Mayor Oakey Hall also remained, and facetiously protested that as far as he was concerned everything was "O. K."

The Hon. Samuel J. Tilden began to loom into prominence about this time. Through the influence of William F. Havemeyer, he was chosen one of the three legal advisers of the committee. Abraham R. Lawrence and Wm. H. Peckham were the other two. Mr. Tilden was quick to seize this opportunity of sudden prominence to bring himself to the front and pose as a great reformer. Had it not been for the Committee of Seventy, I believe it is very doubtful whether this great reformer would ever have been known as such, and it is also exceedingly problematical whether he would have ever got the chance of being counted out, or, attempting through the magic of his occult cyphers, to count anybody else out of the Presidency of the United States.

SAMUEL JONES TILDEN.

CHAPTER XXXIII.

HON. SAMUEL J. TILDEN.

How Tilden began to Make his Fortune in Connection with William H. Havemeyer.—Tilden's Great Fort in Politics. — He Improves his Opportunity with the Discernment of Genius. — How Tilden became one of the Counsel of the "Committee of Seventy." —His Political Elevation and Fame dating from this Lucky Event.—The Sage of Greystone a Truly Great Man.—Attains Marvelous Success by His own Industry and Brain Power.—He not only Deserved Success and Respect, but Commanded them. How his Large Generosity was Manifested in His Last Will and Testament.—The Attempt to Break that Precious Public Document.

MR. WM. H. HAVEMEYER had long been associated with Mr. Tilden in railroad wrecking and the reorganization of broken concerns of this character. Through this process both these gentlemen became wealthy. When, therefore, Mr. Havemeyer extended the right hand of fellowship to his confidential companion in money making affairs, and invited him to officiate as one of the counsel of three for the Committee of Seventy, Mr. Tilden was sharp enough to appreciate the opportunity, which he seized with avidity.

He was quick to discern the tide in the affairs of men which, when taken at the flood, leads on to fortune. He did not wait until the tide began to ebb, but, like an able seaman, set his sail at the propitious moment to catch the prosperous breeze as well as the tide. Thus, through a lucky chance and other men's exertions, Mr. Tilden was raised high on the very crest of the tidal wave of reform, almost before he knew it.

In the first instance, this happy accident of being one of the trinity of legal advisers to our committee, for which he

was well paid, did not lead immediately so much to fortune as to fame, but it formed an important portion of the pedestal upon which the several millions which he so munificently bequeathed to educational purposes were subsequently raised. To fame he was then comparatively unknown. The Committee of Seventy enabled him to obtain the start which was chiefly instrumental in elevating him to a position of renown in national politics.

Tilden's great forte in politics, as in financial affairs and railroad matters, was to set a cash value on everything, and measure it accordingly. If he opened his "barrel" the contents were not distributed indiscriminately, but on the principle directed by the most expert judgment of where the money would do the most good—according to Mr. Tilden's ideas of good. What they were I don't attempt to explain, but, like the popular novelist, charitably leave them to the inference of the reader, or to that expert Moses who so ably deciphered occult telegrams from Florida and Louisiana when there was such a close contest for the office of National Executive.

Without departing from the main issue of my subject, however, I may say that the position which Mr. Tilden was enabled to assume as counsellor to our committee made it possible for him to rise from the, not to say dignified, although money-making, attitude of railroad wrecker to that of Governor of the Empire State of the Union, thus paving the way for him to become almost a successful candidate for the highest position in the gift of the Great Republic.

Such a sudden transition from comparative obscurity was enough to turn any ordinary head.

Seeing the unexpected course that both our local and national history have taken, it is impossible to say what might have been the course of this man's destiny, and the fate of this new Daniel come to judgment in canal ring matters, had it not been that his friend Havemeyer discovered him at an opportune moment, and rescued him from manifest oblivion in the nick of time.

It must be said, on behalf of Mr. Tilden, however, that he improved the occasion with the discernment of genius, and in the fullest degree, and to the highest extent, thoroughly justified Havemeyer's choice.

The soundness of that proverbial philosophy which holds that lightning never strikes twice in the same place seems to have been fully appreciated by Mr. Havemeyer, although this was a little ahead of the time that John Tyndall and other scientists of the modern school of discovery had demonstrated some of the recent wonders of electricity.

Tilden struck while the iron was hot, and though he failed to reach the highest pinnacle of his soaring ambition, he demonstrated the wonderful possibilities which lie in the path of obscure men who are blest with friends who look out for their welfare, and who have the precaution to turn the wheel of fortune in the right direction.

Whether it was the result of fate, genius, or wise direction, or a combination of all these attributes, I don't pretend to decide, but I have noted the simple facts from my own observation and experience, associated with the rise and financial progress of the Hon. Samuel J. Tilden, leaving others deeper in scientific and philosophic matters to supply the details and hidden mysteries of the causes of his marvellous prosperity.

The Committee of Seventy, when entering upon its labors, passed a resolution authorizing the appointment of a sub-committee by the chair to select and retain three lawyers to represent it in the matters of litigation that might arise in connection with the investigation. Mr. Havemeyer, being a member of the sub-committee, through his influence Samuel J. Tilden was one of the three appointed.

To give the reader an idea of the power and prestige of the Committee of Seventy at that time it is only necessary to state that it was instrumental in making Mr. Abraham Lawrence one of the Judges of the Supreme Court, and Mr. W. H. Peckham, the third counsel, could have obtained almost any judgeship he had desired, with perfect facility.

These cases are on official record, and are living examples to show that I am not exaggerating. Judge Lawrence still adorns the bench, with an excellent record behind him, and Mr. Peckham has been a prominent figure in many of the most important suits that have become historic in the State and City of New York.

Mr. Tilden saw the power which this committee, used as an instrument of recommendation, wielded, and he set his astute mind to avail himself of the reformatory advantages which it afforded. The committee was a reform body, and he saw his opportunity, as one of its counsel, to become a reformer also. He builded almost better than he knew, if I may be permitted to quote Scripture in this case, and he did not build on a sandy foundation either. He planted himself on the solid rock of reform principles, independent of politics or previous condition. It must be said, to his credit, that he used the material at his disposal with great tact and good judgment, and made an excellent reformer.

Whatever may have been said about him by political opponents, the late Sage of Greystone must be judged in this sinful world by the positions to which he honorably attained. He became a prominent and most estimable citizen of our great Republic, and had it not been for his age, and certain physical infirmities, the existence of which was a matter of dispute, he would have made a very good President, judging from his record as a Governor.

I have not intended to say anything especially disparaging or ill-natured about Mr. Tilden through any hostile feeling towards him, of which I never had any. My intention has been simply to show how easily a man can rise if he has the ability required to take passage on the tide of prosperity exactly at its flow, the magic point of embarkation which William Shakespeare has suggested.

So what I have stated about Mr. Tilden is in the main rather to his credit than otherwise.

For a man who attained such an elevated position of

success by his own industry and brain power I have the highest respect and the deepest sympathy, knowing myself a good deal about the toil attendant upon climbing above the heads of the great majority of the "masses" with a strong contingent of the envious "classes" always using their best efforts to pull a man down who attempts to aspire above a certain level. In fact, Mr. Tilden not only deserved success and respect, but he commanded them. Such a man should always be accorded most graciously his well-earned deserts.

I can, therefore, conscientiously subscribe myself one of the great admirers of his successful career on the whole, bearing always in mind that human nature is not perfect, and that there are few, if any, who have not had some murky clouds cast over their fair fame.

Although on strict moral principles we should never do evil that good may come, yet the manner in which Tilden disposed of the greater portion of his fortune will, even in the eyes of straight-laced moralists, go far to cover a multitude of sins in the acquisition of his wealth. There are probably few, if any, churches in the land that would have refused a portion of the bequest, no matter how familiar their members or their clergy might have been with Mr. Tilden's railroad methods.

In this imperfect sketch of the turning point of prosperity in Mr. Tilden's career, I have desired to show how little it requires to change the entire current of a man's apparent destiny. A man who attains such eminent success has his Creator to thank for endowing him in the first instance with the capacity to take advantage of the chances thrown in his way, and his own smartness for turning them to the best account.

I have taken Mr. Tilden up and devoted to his extraordinary career a few pages, from personal reminiscences, in this book, owing to the fact that he was identified with a number of railroads in the way which I have indicated

above. His position in this respect naturally classifies him with some of our most prominent Wall Street speculators, investors and operators, and he thus naturally falls within the scope of the main subject of this book.

Mr. Tilden, in his will, ordered that if the will should be contested by any of the beneficiaries each and all of the contesting parties should be disinherited.

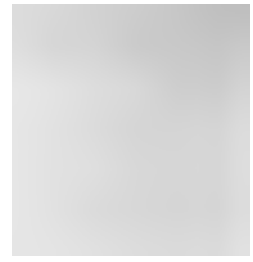
In spite of this prohibition, George H. and Samuel J. Tilden, sons of Henry A. Tilden, and nephews of the testator, contested the validity of the instrument, not on the ground of incapacity or undue influence, but upon construction.

Henry L. Clinton and Aaron Vanderpoel were the lawyers for the contestants.

It is curious that the will of a man so deeply learned in the law as Mr. Tilden was, should be questioned as to whether it was a legal document or not. But such was the ground of the contest. The point was this: The residuary clause empowers the trustees to apply to the Legislature for an act to incorporate a body to be called the Tilden Trust. This body, when incorporated, was to become the legatee. This method of procedure, according to the opinion of learned counsel in the law, bequeathed to the trustee under the will the power to name the public legatee of the testator. It seems that a testator has no power to do this, according to the recent decisions of the Courts of last resort in this country, which, it would seem, Mr. Tilden had not read. Nobody but the testator himself has power to name the legatee. It appears he had the decision of the English Court in his mind, which allows of this method of bequeathing property. Following is the residuary clause in full, bearing upon this point: "I request my said executors and trustees to obtain, as speedily as possible, from the Legislature an act of incorporation of an institution to be known as the Tilden Trust, with capacity to establish and maintain a free library and reading-room in the city of New

York, and to promote such scientific and educational objects as my said executors and trustees may more particularly designate. Such corporation shall have not less than five trustees, with power to fill vacancies in their number, and in case said institution shall be incorporated in a form and manner satisfactory to my said executors and trustees during the lifetime of the survivor of the two lives in being, upon which the trust of my general estate herein created is limited, to wit, the lives of Ruby S. Tilden and Susie Whittlesey, I hereby authorize my said executors and trustees to organize the said corporation, designate the first trustees thereof, and to convey to or apply to the use of the same the rest, residue and remainder of all my real and personal estate not specifically disposed of by this instrument, or so much thereof as they may deem expedient, but subject, nevertheless, to the special trusts herein directed to be constituted for particular persons, and to the obligations to make and keep good the said special trusts, provided that the said corporation shall be authorized by law to assume such obligation. But in case such institution shall not be so incorporated during the lifetime of the survivors of the said Ruby S. Tilden and Susie Whittlesey, or if for any cause or reason my said executors shall deem it expedient to convey said rest, residue and remainder, or any part thereof, or to apply the same, or any part thereof, to the said institution, I authorize my said executors and trustees to apply the rest, residue and remainder of my property, real and personal, after making good the said special trusts herein directed to be constituted, or such portion thereof as they may not deem it expedient to apply to its use to such charitable, educational and scientific purposes, as in the judgment of my said executors and trustees will render the said rest, residue and remainder of my property most widely and substantially beneficial to the interests of mankind."

C. Vanderbilt



CHAPTER XXXIV.

COMMODORE VANDERBILT.—HOW HIS MAMMOTH FORTUNE WAS ACCUMULATED.

FERRYMAN.—STEAMBOAT OWNER.—RUNS A GREAT COMMERCIAL FLEET.—THE FIRST AND GREATEST OF RAILROAD KINGS.—THE HARLEM "CORNER."—REORGANIZATION OF N. Y. CENTRAL.—HOW HE MILKED HIS CO-SPECULATORS.—HIS FORTUNE.—ITS VAST INCREASE BY WM. H.

THE most conspicuous man connected with Wall Street in my early days of speculation was "Commodore" Vanderbilt. Without going minutely into the early exploits of the man, it will be sufficient, for the purposes of this narrative, that I trace his start in life in connection with a row-boat of which he was Captain, plying between Staten Island, Governor's Island, and New York, in which he himself did the rowing. This enterprise, in course of time, grew into one with boats propelled by steam, instead of manual labor. During his progress as ferryman he became proprietor of a hotel at New Brunswick, New Jersey. This side issue did not prove very lucrative, perhaps, because the Commodore, with all his versatile ability, did not possess the special talents required to keep a hotel. The hotel still exists, and is situated near the railroad station, and is now, as it was then, merely a railroad tavern. The first vivid recollection of the Commodore in Wall Street "dickering" was in connection with the Nicaragua Transit Company, the capital of which was over $4,000,000. He became President of the Company, and soon afterward the head and front of the whole enterprise. The Directors and stockholders, and in fact every one else connected with the Company, were soon crushed into nonentities. When their complete subjection was obtained, the Commodore loomed up into gigantic dimensions, and, as he expanded, the

Nicaragua Company became small by degrees and beautifully less in inverse proportion. Eventually the greatly depressed stockholders, like the worm when trodden under foot, turned and showed resentment. The case came into Court and was the subject of ordinary investigation, but I never heard of the Company recovering anything. I presume their claims were relegated to the profit and loss account in perpetuity.

After this, the Commodore started a line of steamers in opposition to the fleet of Pacific Mail, and kept his boats running until he was bought off. About this time an event happened which has preserved for posterity a good story, highly characteristic of the Commodore. His son-in-law, James M. Cross, had conceived the idea of embarking in the wholesale leather business in the "Swamp." He had been talked into it by an experienced man who was to be his partner. A store was secured, and everthing put under way for the start, with the exception of the capital, which Mr. Cross had agreed to contribute against the experience of his partner. The amount was to be $50,000. Mr. Cross, knowing that the Commodore had at this time become rich and prosperous, felt satisfied that it was only necessary to make application to his enterprising father-in-law for the amount required. Thereupon, with the confidence begotten of implicit trust, he approached the Commodore for this temporary accommodation, giving him a full description of the nature of the business. After listening attentively to the statement of his esteemed son-in-law, the Commodore said in reply: "Now, James, if I let you have this $50,000 to put in the leather business, how much do you think you will be able to make for your share out of the profits?" Mr. Cross thought the best position to take with a rigid business man like his father-in-law was to be prudently conservative in his expectations, and to keep all his Colonel Seller prospects in the background. After a few moments reflection he replied: "I

believe I am almost certain to make $5,000 a year." The Commodore promptly responded: "James, as I can do better than that myself in handling $50,000, I will give you $5,000 a year hereafter, and you may consider yourself in my employ at that salary." There was no way for James to wriggle out of it, and he accepted the situation with apparent good grace, whatever his internal emotions may have been at the time. The Commodore forthwith dispatched Mr. Cross to San Francisco to manage his steamboat business there. He soon discovered, however, that James was hardly aggressive enough for the go-ahead fellows on the gold coast, and he was recalled. After looking around some time for a man possessing the necessary requirements to be placed in successful competition with the adventurous spirits of the Pacific Slope, his search was rewarded by an introduction to Commodore C. K. Garrison, then in command of a Mississippi steamboat. Garrison had established his reputation for being the best euchre player on the river, and for much besides which that term implies. He was brave and fearless—in fact, in some respects, a Jim Bludso of real life, with the self-sacrificing qualities of that hero largely discounted, or perhaps entirely left out. It required men of mettle in those days to run a steamboat on the Father of Waters, when the greater portion of the passengers belonged to the gambling fraternity, and were all experts with the bowie knife and the ready revolver.

The Commodore had an interview with Garrison, which resulted in an engagement, and he was sent to San Francisco as the Commodore's agent. It was soon found that he was the man for the Wild West, and he was not slow to appreciate his own value and importance to the increasing fortunes of his employer. He struck very often for higher wages, and was always able to command his price. He rose, from one advance to another, until his salary at that day had reached the marvellous figure of $60,000 a year. Numerous stories of Garrison's fabulous prosperity on the Pacific

Coast reached this city and the ears of the Commodore, and his fame began to penetrate farther than the name of the latter had ever been heard. These accounts had their effect on a mind so naturally envious as that of the Commodore. He began to realize the humiliating fact that, instead of Garrison being in his employ, the former captain of the Mississippi steamboat had him in tow, and was everywhere regarded as the Boss, while Vanderbilt was simply supposed to be his Eastern agent. This brought matters to the point where patience ceased to be a virtue, and the connection was severed. Soon after this the Commodore sold out to the Pacific Mail Company, which again became a monopoly, and as the fight had been a losing one to him, he was obliged to find other waters for his boats.

Since his advent with a common row boat on the waters of our own handsome bay, thence through the gradations of ferry boats and steamboats, nothing but unremitting success had attended his ventures, until his unequal struggle in competition with Pacific Mail. He appeared to have met his Trafalgar when he encountered that fleet. His dissociation with Garrison seemed for a time to forebode disaster. He gathered himself up temporarily again, but never took to the waters so kindly afterwards. He began to feel that his financial destiny was verging towards a firmer foundation. His last boat was the famous steamship Vanderbilt, which was recognized at the time as one of the finest ships to be found on any sea. He made a present of her to the Government during our great National struggle, or according to another account, he lent her, and the Government kept her. The Commodore at one time had a fleet of sixty ships.

The Commodore became convinced that the growing prospects of railroads pointed to greater facilities for transportation in the future, and also a more profitable investment than those watery regions which had hitherto appeared to be his natural element. He promptly resolved to turn his

back on the domain of Neptune, and to devote his great energies to enterprises on land. He saw there was comparatively little room for development in water traffic, while in the railroad business the field was practically unlimited.

He then commenced to buy up Harlem Railroad stock, so as to obtain control of that road, and in the operation got up the celebrated Harlem "corner." Application had been made to the Legislature for some advantages in connection with the road, which were refused for reasons best known to leading members of that body. In the meantime Harlem stock had been knocked down to a very low figure. The Commodore remained in ambush, and was secretly purchasing it. He then went to the Legislature to get his bill passed. Most of the members of the Legislature thought they had got the "deadwood" on the Commodore, and enlisted a large number of their friends in the enterprise. They attempted "to work the Commodore for all he was worth," and for a time appeared anxious to pass the measure required. On the strength of this anticipated action on the part of the Legislature the stock advanced, when the members sold "short" and failed to legislate. The stock naturally went down, and Vanderbilt bought it up. The collapse anticipated by the Legislature did not take place, and, instead of that, the Commodore got a "corner" in the stock, and the members of the Legislature were the parties mulcted. They had, therefore, all to go to the Commodore's office, and settle up with him on his own terms, and he made arrangements to get his measure in favor of the road through the Legislature as part of the bargain. This transaction is more fully described in another chapter.

His next great enterprise was in connection with the New York Central. Having successfully euchred the legislators in the matter of Harlem, he was encouraged to play a still higher game. As soon as he obtained control of this property, it seemed as if it had been touched by a magic wand, or that famous stone of Midas, contact with which turned

everything into gold. Prior to this event the road had been dragged along under the management of Dean Richmond, Samuel Sloan and Henry Keep, without any signs of prosperity; but when Vanderbilt took hold of it there was a sudden change to visible progress and prosperity. It never looked behind afterwards, and both enterprises have enjoyed signal and increasing success ever since, thus illustrating the marvellous capacity of the Commodore for the organization and management of large enterprises. The hydraulic operations of the Commodore with the stock of this property would alone furnish material for a very interesting chapter. Sending it up on one occasion at a bound, between Saturday and Monday, 20 per cent., was a new move in manipulation which caused some of the boldest operators on the Stock Exchange to stand aghast. He kept working the stock up and down, in some such way as Mr. S. V. White now keeps toying with Lackawanna, until he "milked" the street sometimes very dry. He kept the tempting prize of a coming dividend glittering before the eyes of the dazzled imaginations of his friends who were dealing in the stock, but the "milking" process was so ably managed that, when the famous 80 per cent. dividend was actually declared, they had become so poor that they were unable to carry any of the stock, so as to avail themselves of the profits. There was but one man that I know of who reaped any benefit from it, and that was an old friend of the Commodore, who still lives, and who had met with signal reverses in some of the Erie deals at the time Mr. Gould so ably managed that concern. This man had been wiped out in Erie, and his depressed condition awoke a sympathetic cord momentarily in the heart of the Commodore. He gave his friend the tip the day before the dividend was declared, and he found another friend who bought enough of stock to realize $700,000, which was divided between them. This is the solitary exception within my knowledge where the Commodore failed to bag the entire game without "saying turkey once" to any person connected with the deal.

The life of the Commodore affords singular scope for reflection on the immense possibility of a great business capacity to amass a large fortune in a few years, especially in this country. The Commodore and his son William H., in a little more than half a century, accumulated the largest private fortune in the world, excepting the aggregate wealth of all the Rothschilds combined, which has been the result of the most expert financiering in all the capitals of Europe through several generations, with all the resources of the greatest monarchs on the earth to back their various enterprises. With all these advantages in favor of the Rothschilds, the Vanderbilt fortune amounts to two-thirds of the sum total of theirs. The result is certainly astounding when submitted to a test of the highest standard of comparison that can be found anywhere on this globe. But, wonderful as the success of the Commodore was in its rapid gradations, from the possession of a rowboat on our bay to that of a fleet of sixty-six steamboats that brought mercantile argosies from all parts of the world, and in later years his great railroad acquisitions, yet the success of his son is more marvellous still.

In seventy years the Commodore arose from nothing financially to be the proud possessor of $90,000,000. Wm. H. obtained $75,000,000 of that and nearly trebled it in a tenth part of the time. He made three times as much in seven years as his father made in seventy, or he made as much on an average every two and one-half years as his father had done during the three score and ten of his active business and speculative career. If any person having the necessary amount of temerity had ever ventured to make such a prediction as this in the presence of the old Commodore, what a natural born idiot he would have been regarded by that grand old man. If the spirits of the departed ever visited the glimpses of the moon in these days, what a profound sense of humiliation that of old Vanderbilt must feel, as it makes its nightly rounds through those

spacious marble corridors in Fifth avenue, or, perched on the dome of the Grand Central Depot, it contemplates the mighty development and expansion of its earthly designs, now extended far beyond the limits of what its highest ambition had dared to foreshadow.

Some people may argue that it required greater ability to acquire these first $90,000,000 than the present sum total of the wealth of the Vanderbilts. Those who argue thus, however, have no precedent to suggest their position. An instance of such prosperity on so large a scale in so short a time has never occurred in the history of financiering. The accumulations in all the wealthy families that I know of have been comparatively slow, and the history of the family of European millionaires shows a similar principle of gradation, except, indeed, that the gradation in the majority of instances has gone backwards. Very few wealthy men, with the exception of the Rothschilds, the Astors and a few others, have had any children capable of increasing their wealth, except where it was almost impossible to do otherwise under the law of primogeniture. In this country, therefore, where the law of distribution has full scope, Wm. H. Vanderbilt, who had to that time been regarded as a man of very moderate capacity, proved himself to be the ablest financier of which there is any record either in ancient or modern history.

Jay Gould, with all the resources of science at his disposal, and all the talent that money could command, with newspapers, politicians, lawyers, judges, and courts at his will, with as good a start, financially dating from 1878, as Wm. H. Vanderbilt had, has been left far behind in the race for wealth, and for the highest prize ever gained by one man in any nation. It has been truly said that a fool can make money, but it takes a wise man to keep it. Wm. H. Vanderbilt's financial wisdom, as well as his ability, was signally displayed in keeping this great fortune intact, besides adding fully three times as much more to it; and

it proves that his father made no mistake in selecting him to hand his name and fortune down to posterity. This immense pile of "filthy lucre," however, in spite of all the credit that is justly due to its late manager, has had one serious drawback from a public standpoint. In fact, the very announcement of this mammoth fortune in the newspapers, at the time of Mr. Wm. H. Vanderbilt's death, had a most demoralizing effect upon a large number of the wealthy portion of the community, who began to feel that they were nonentities in comparison. In making this statement I absolve the Vanderbilt family from any blame. Every man in this great Republic has the privilege of walking in the footsteps of the two great Vanderbilts if he only has the ability; but it would not be wisdom for a large number of men to attempt it. They would be pretty certain to "get left."

The story of the distribution of the Vanderbilt wealth, however, has brought discontent to many a home where happiness reigned before. It could hardly be otherwise, constituted as human nature is, and especially human nature in our highly strung commercial society, where the spirit of ambition is always strenuously aiming at higher flights. People who heretofore had considered themselves rich, and socially important, with a million or so to draw upon, felt that they were mere ciphers in the scale of wealth; they seemed to themselves to be financially blighted, and miserably poor in contrast with the colossal magnitude of the Vanderbilt possessions as exhibited in the Surrogate's Court. The plain, cold, prosy figures brought out there read like a romance, or the story of Sinbad the Sailor and the Valley of Diamonds. But it was all stern reality. This is why the feelings which suffer from this contrast are so deeply pathetic. It is a reality, and a stern reality, that can hardly be imitated or duplicated by any other two men in this generation. The thing is possible, but just about as probable as it was for every private soldier of Napoleon the Great, who each had a Marshal's baton in his knapsack, to

become a Marshal. "Every blacksmith," says the Rev. Robert Collyer, "might become a preacher, but it would be a great public calamity if it should happen to that extent." The bare outlines of the Vanderbilt wills, which have made such a deep impression on the community at large, will be found in another part of this book. I think they will afford very interesting reading for generations yet unborn.

Wm H Vanderbilt

CHAPTER XXXV.

WILLIAM H. VANDERBILT.

A BUILDER INSTEAD OF A DESTROYER OF PUBLIC VALUES.—HIS RESPECT FOR PUBLIC OPINION ON THE SUBJECT OF MONOPOLIES.—HIS FIRST EXPERIENCE IN RAILROAD MANAGEMENT.—HOW HE IMPROVED THE HARLEM RAILROAD PROPERTY.—HIS GREAT EXECUTIVE POWER MANIFESTED IN EVERY STAGE OF ADVANCE UNTIL HE BECOMES PRESIDENT OF THE VANDERBILT CONSOLIDATED SYSTEM.—AN INDEFATIGABLE WORKER.—HIS HABIT OF SCRUTINIZING EVERY DETAIL.—HIS PRUDENT ACTION IN THE GREAT STRIKE OF 1877, AND ITS GOOD RESULTS.—SETTLED ALL MISUNDERSTANDINGS BY PEACE AND ARBITRATION.—MAKES PRINCELY PRESENTS TO HIS SISTERS.—THE SINGULAR GRATITUDE OF A BROTHER-IN-LAW.—HOW HE COMPROMISES BY A GIFT OF A MILLION WITH YOUNG CORNEEL.—GLADSTONE'S IDEA OF THE VANDERBILT FORTUNE—INTERVIEW OF CHAUNCEY M. DEPEW WITH THE G. O. M. ON THE SUBJECT.—THE GREAT VANDERBILT MANSION AND THE CELEBRATED BALL.—THE IMMENSE PICTURE GALLERY.—MR. VANDERBILT VISITS SOME OF THE FAMOUS ARTISTS.—HIS LOVE OF FAST HORSES.—A PATRON OF PUBLIC INSTITUTIONS.—HIS GIFT TO THE WAITER STUDENTS.—WHILE SENSITIVE TO PUBLIC OPINION, HAS NO FEAR OF THREATS OR BLACKMAILERS.—"THE PUBLIC BE DAMNED."—EXPLANATION OF THE RASH EXPRESSION.—THE PURCHASE OF "NICKEL PLATE."—HIS DECLINING HEALTH AND LAST DAYS—HIS WILL AND WISE METHOD OF DISTRIBUTING 200 MILLIONS.—EFFECTS OF THIS COLOSSAL FORTUNE ON PUBLIC SENTIMENT.

IN treating of the family in the order of descent, I shall now make a brief survey of the life of William H. Vanderbilt, especially in its relation to Wall Street affairs and the management of his great railroad system, the two being closely connected. William H. Vanderbilt was not much of a speculator in the Wall Street sense of the term. He was more of an investor than a speculator, and his in-

vestments had always a healthy effect upon the market. Unlike Woerishoffer and others of that ilk, he built up instead of pulling down values, but was at the same time careful to avoid the error of inflation. He paid due deference to public opinion also, in striving to allay its alarm in regard to the dangerous overgrowth of monopolies. A grand illustration of this was seen in the sale of the large block of New York Central. His first experience in railroad matters was in connection with the Staten Island Railroad, thirteen miles in length. The road had been mismanaged and was deeply in debt, and became bankrupt. As he and his father had considerable interest in the road William H. was appointed receiver. It seems this was done secretly at the suggestion of the Commodore, who wanted to discover by this experiment if his son had any capacity for railroad management. The receivership of the Staten Island road was crowned with signal success. In two years the entire indebtedness of the road was paid, and the stock, which had been worthless, rose to 175. William H. Vanderbilt was then elected President of the road. It was at this time, it is said, that the Commodore began to correct his judgment regarding the "executive ability of William H.," and the latter relaxed no effort to please his exacting father in everything, taking all his abuse without complaint or anger. After the Commodore secured control of the Harlem road, which was his first great railroad venture, he made William H. Vice-President. As a co-worker with his father the latter further demonstrated his capacity for railroad management, and Harlem stock, which had been down to nearly nothing, in a few years became one of the most valuable railroad properties in the country. So, it is a fact, although not generally known, that William H. Vanderbilt had proved himself to be a competent railroad manager before his eminent father had fairly begun that line of business. It was almost entirely owing to his individual exertions and sound judgment that,

in a few years, the Harlem road was double-tracked, and such other improvements made as sent the stock from 8 or 9 to above par. The Commodore was so highly pleased and agreeably surprised with his son's management of the Harlem road that he made him Vice-President of the Hudson River Railroad also, and at a later date associated him in the same capacity with the management of the important consolidation of New York Central & Hudson River. The great executive power of William H. was manifested in every successive movement which his father directed, and unparalleled prosperity was the result in every instance. After William H. was fully installed in the Vice-Presidency of the consolidated system of the Vanderbilt railroads he became an indefatigable worker, taxing his physical and mental powers to their utmost capacity, and it was doubtless this habit of hard work, persisted in for many years, that resulted in so sudden and comparatively premature death for a member of a family famous for its longevity throughout several generations. He insisted on making himself familiar with the smallest details of every department, and examined everything personally. He carefully scrutinized every bill, check and voucher connected with the financial department of the immense railroad system, and inspected every engine belonging to the numerous trains of the roads. In addition to this general supervision of everything that pertained to the railroads, he was in the habit of going over a large amount of correspondence which the majority of other men not possessing the hundredth part of his wealth hand over to their clerks, and he answered a great number of letters with his own hand which financiers of comparatively moderate means are in the habit of dictating to their stenographers. When his father died, at the age of 82, in January, 1887, William H. Vanderbilt, then 56 years of age, found himself the happy possessor of a fortune variously estimated at from 75 to 90 million dollars. The remainder of the Commodore's bequests amounted to 15 millions.

After the death of his father the executive powers of Wm. H. Vanderbilt, in the management of the vast railroad interests bequeathed to him, were called into active play. The great strike of 1877 among the railroad employes threatened to paralyze business all over the country, and came pretty near causing a social revolution. In this emergency a cool head and prudent judgment were valuable attributes to a railroad manager. Mr. Vanderbilt proved that he possessed both in more than an ordinary degree. Just prior to encountering the knotty problem of the strike he had been highly instrumental in bringing about suspension of hostilities in the freight war, and the course which he advised led to an arrangement that produced harmony among the trunk lines for a considerable period. As a consequence of the rate war the railroad companies were obliged to cut down the wages of their employes, and this was the chief element in causing the strike. There were 12,000 men in the employ of the New York Central and Harlem. Their wages had been reduced ten per cent. and they had threatened to annihilate the Grand Central Depot. Instead of making application to have the militia called out, as had been done in Pennsylvania, Mr. Vanderbilt—although a man possessed of far more than ordinary courage—with keen foresight proposed a kindly compromise with his employes. He telegraphed from Saratoga to his head officials an order to distribute $100,000 among his striking employes and promising them a restoration of the ten per cent. reduction as soon as business improved to a point justifying such an advance. This prompt and prudent action had the desired effect, and the consequence was that while there was a small insurrection in Pittsburgh, and bloody war to the knife, at great cost to Allegheny County, calmness reigned in the prominent railroad circles of New York, and the taxpayers escaped the burden that might otherwise have been put upon their shoulders, and the demoralizing effects of violence and bloodshed were prevented. Over 11,500 of the

12,000 men returned to work, thus showing their gratitude to Mr. Vanderbilt and faith in his promise, which was afterwards duly fulfilled. The policy of Wm. H., in the management of his great railroad system, unlike that of his father, was entirely pacific in its character. He was disposed to settle all misunderstandings by reason and arbitration, and had no inclination for fighting and conquest, after the manner of the Commodore. Although a very close calculator in business matters, a habit to which he adhered even to the precision of striking out superfluous items which should not have been charged in his lunch bill, Mr. Vanderbilt was in many respects generous to a fault. He compromised the suit with his brother, "Young Corneel," allowing him the interest on $1,000,000, whereas his father had only left him the interest on $200,000, with a forfeiture clause in the event of "Corneel" contesting the will. Wm. H. also made a present of $500,000 in United States bonds to each of his sisters, out of his own private fortune. A good story is related in connection with the distribution of this handsome gift. Mr. Vanderbilt, it is said, went around one evening in his carriage, taking the bonds with him and dispensing them to the fortunate recipients from his own hands. One of his brothers-in-law having observed by the evening papers that the bond market had declined a point or two on that day, said, "William, these bonds fall $150 short of the $500,000, according to the closing prices of this day's market." "All right," replied Mr. Vanderbilt, with assumed gravity, "I will give you a check for the balance," and he wrote and signed it on the spot. It is related that another brother-in-law followed him to the door, and said, "If there is to be anything more in this line I hope we shall not be forgotten." It is said that these remarkable instances of ingratitude, instead of irritating him, as they would have in the case of an ordinary individual, only served to arouse his risible faculties and that he regarded the exhibitions of human weakness as a good joke.

One of the greatest works of Mr. Vanderbilt's life was the building of the beautiful palace on Fifth avenue, between Fifty-first and Fifty-second streets, which he adorned extensively with paintings selected from the great masterpieces of the most renowned artists of the world.

One reason assigned for his disinclination to speculate was that he regarded the property left by his father in the light of a sacred trust, and while he considered it a filial duty to look after its increase and accumulation, he was careful not to do anything that might risk its dissipation.

Mr. Chauncey Depew, who succeeded to the presidency of the New York Central & Hudson River Railroad Company, was upon one occasion, while visiting in London, a guest at a dinner given to the Hon. Wm. E. Gladstone, then Premier of England, and was honored by a seat on the left of Mr. Gladstone, with whom he discussed the differences between American and English railroad and financial management. In the course of conversation Mr. Gladstone said, "I understand you have a man in your country who is worth £20,000,000 or $100,000,000, and it is all in property which he can convert at will into cash. The Government ought to seize his property and take it away from him, as it is too dangerous a power for any one man to have. Supposing he should convert his property into money and lock it up, it would make a panic in America which would extend to this country and every other part of the world, and be a great injury to a large number of innocent people." Mr. Depew admitted that the gentleman referred to—who was Mr. Vanderbilt—had fully the amount of money named and more, and in his usual suave and conclusive way, replied, "But you have, Mr. Gladstone, a man in England who has equally as large a fortune."

Mr. Gladstone said, "I suppose you mean the Duke of Westminster. The Duke of Westminster's property is not as large as that. I know all about his property and have kept pace with it for many years past. The Duke's pro-

perty is worth about £10,000,000 or $50,000,000, but it is not in securities which can be turned into ready cash and thereby absorb the current money of the country, so that he can make any dangerous use of it, for it is merely an hereditary right, the enjoyment of it that he possesses. It is inalienable, and it is so with all great fortunes in this country, and thus, I think, we are better protected here in England than you are in America." "Ah, but like you in England, we in America do not consider a fortune dangerous," was the ready response.

The best proof of Wm. H. Vanderbilt's great ability as a financier is the marvellous increase in the value of the estate which he inherited from his father during the seven years which he had the use and control of it, and in which he did more than treble the value at which it was estimated on the death of the Commodore.

The weakest financial operation on his part, known to the public, was the purchase of the Nickel Plate Road, as regards the time of the transaction, in which he was rather premature. It is now positively known that if he had waited about a month longer the road would have gone into bankruptcy and have fallen into his lap on his own terms. In that case the West Shore would have followed suit.

In such an event I believe Mr. Vanderbilt would have been saved an immense amount of money, remorse and mental strain, which, no doubt, aggravated the malady which was the cause of his sudden death. He realized his error when it was too late, and it was a source of great mental anxiety to him in his latter days. He was very sensitive, and nothing afforded him more gratification than a clean and successful transaction, which drew forth public approval, and in the purchase of Nickel Plate he was caught napping. It was a mistake for which the Commodore, had he been alive, could never have forgiven him.

The syndicate that built the road had solely for their object to land it upon either Gould or Vanderbilt, and it

was upon its last legs at the time it made the transfer to Mr. Vanderbilt. The syndicate laid a trap for him. It had been coquetting with Mr. Gould in reference to the purchase, and had made it to appear, through the press and other channels of plausible rumors, that he had an eye upon the road. Mr. Gould had occasion to go West about this time and the syndicate invited him to make his homeward trip over the road, taking particular pains that all these rumors and reports should reach the ears of Mr. Vanderbilt, who was impressed with the idea that Mr. Gould's trip was one of inspection, with the intention of buying the road if he did not anticipate him. This was just what the syndicate desired, and the successful consummation of their financial plot.

The purchase was made solely in the interest of Lake Shore, as it was a parallel road, and the road was afterwards turned over to the Lake Shore Company.

The conception of the scheme was to build the road at a nominal price and sell it to Mr. Vanderbilt as high as possible, and this was duly accomplished. I am quite satisfied that if this road had not been sold at this particular time it would then have gone into the hands of a receiver, while a number of the syndicate, who had built the road, would have failed, and a general crash would have ensued. This Mr. Vanderbilt's purchase averted for the time, and served to prolong the period of its coming until May, 1884.

For a few years prior to his death Mr. Vanderbilt was in a weak condition. This cause of mental annoyance came upon him at a time when he was not robust enough to bear it and had not sufficient strength to throw it off. He had been seized with a slight paralytic stroke, the only visible effect of which was a twitching of the lower lip. Shortly after this he lost the entire sight of one eye, about a year before his death. This was not generally known to the public, however, and it was the principal cause of his giving up his favorite pastime of driving, which was one of his greatest

pleasures and the chief source of mental diversion from the heavy weight of his worldly cares and responsibilities.

The day after Mr. Vanderbilt's death I sent the following circular to my customers:

"As Mr. Wm. H. Vanderbilt was a very important factor in Wall Street business, I feel it incumbent upon me to issue a letter to my friends and clients on the subject of his decease, especially as the loss to the Street is a most important one, and certainly will be felt for some time to come. Mr. Vanderbilt undoubtedly, at the time of his death, was the largest holder of American securities in the world, and had innumerable followers, who were also vast holders of similar properties as those he controlled, who acted more or less in concert with him, and who were at his beck and call. When he told them to buy or sell they would do so. These parties have now lost a valuable friend and counsellor, and a leader in whom they believed implicitly. In such quarters, for some time to come at least, more or less of a dazed condition will prevail, precisely the same as would exist in an army in the event of the general in command having been killed. Mr. Vanderbilt was a bolder and larger operator than his father ever dared to be, as he spread out over more interests. The market has lost an able leader, who was usually a builder-up of the interests of the entire country, and unlike many other large operators, who, at times, are on that side, but quite as frequently on the wrecking side. It will be a long while before so conspicuous and valiant a leader as Mr. Wm. H. Vanderbilt will be forthcoming, and the market will, for a protracted period, have cause to mourn its great loss. It is, indeed, fortunate that Mr. Vanderbilt lived long enough to see the completion of the consolidation of the West Shore and New York Central roads; since both roads are under the able direction of Mr. Depew, they are now secure from future harm; but the same cannot be said of the South Pennsylvania enterprise, as negotiations remain in connection therewith unfinished, which will suffer by Mr. Vanderbilt's death, and it will be found difficult, I fear, for any other man to knit the discordant elements together that at present exist in that quarter. There is enough in this for some ground of apprehension, and this matter may, therefore, disturb the harmony of the great trunk lines, as this speck of trouble may yet prove

a cancer in the body of the stock market. As it is capable of infusing its poison elsewhere, beyond where it is at present located, it is certain that there will be required skillful surgery to prevent inoculation therefrom.

"The stock market started off to-day as if held by concerted action, and the appearances indicating that such attitude might prevail to bridge over the Vanderbilt shock. While prices had a moderate break, it was scarcely adequate as a fitting tribute of respect to Mr. Vanderbilt's memory, as the great General of the Army of Finance of this country. It was unmistakable, however, that the large selling was mostly of long stock, coming from numerous frightened holders who were shaken out, and it was very evident that the bears were more conspicuous as buyers than as sellers, to cover their short sales made during the previous several days. I do not think that the market had, considering the power it has lost in the death of Mr. Vanderbilt, as much of a break as should have occurred; still, it must be remembered, that the dealings have been so enormous during the past month, which represent the immense number of operators now interested in the market, that it has taken from it a character which previously existed as a one man market, and therefore it is owing to this fact that the removal of any one man, or a half dozen of them, by death or otherwise, could not bring about, at the present time, any very wide and lasting disaster to Wall Street. This market, as I have repeatedly stated, can fairly be now considered the market for the world, and beyond the permanent reach of any one man doing it any lasting harm. As Mr. Vanderbilt invented pegging stocks, and stood his ground when taken better than any one that will survive him in that plan of strategic movement, he will, in that particular alone, be sorrowfully missed. I am of the opinion, now that Mr. Vanderbilt is no more, that Mr. Gould's plan of leaving the Street will undergo a modification, at least by his remaining for some time longer at the helm. This will prove, in such an event, an important factor in the future, especially as the bulls of the Street have for at least a year past recognized Mr. Gould in the light of a benefactor. To them he has proved a brave and able leader, and the field is now clear for him to become commander-in-chief of all the forces, without any one to dispute his right thereto. This should be enough to fire his ambition and keep him in our midst, and probably will."

Among the popular and erroneous impressions entertained regarding Wm. H. Vanderbilt, the one that he was no judge of pictures seemed to have taken deep root in the public mind, except among the few who knew him intimately, and the celebrated artists whom he visited and from whom he purchased many of the works of art which adorn his great gallery in Fifth avenue, now in charge of his youngest son, George. That Mr. Vanderbilt had an intimate knowledge and correct appreciation of true art has been amply proved by the highest authority. I am well aware that some years ago this statement would have been ridiculed by the majority of the newspapers; but Mr. Vanderbilt never bought a picture that he did not fully understand in his own simple, unaffected method of judgment. He may not have been capable of the highest flights of fancy, necessary to follow the poetic imagination of the artist to its extreme height, but he was equal to the task of grasping all the material essentials from a common-sense point of view.

So far from making any pretence of being a lover of art, he was in the habit of saying, when a handsome painting was shown him, "It may be very fine, but until I can appreciate its beauty I shall not buy it."

Apropos of his modesty and judgment, in regard to the fidelity to nature of a picture, a circumstance is related of his visit to Boucheron, a French picture dealer, where he wanted to see a painting by Troyon, with the object of buying it A yoke of oxen turning from the plough to leave the field is the subject. Experts in art had taken exception to the manner in which the cattle left the field. When Mr. Vanderbilt's opinion was asked, he said, "I don't know as much about the quality of the picture as I do about the truth of the actions of the cattle. I have seen them act like that hundreds of times." The artists present submitted to his judgment, as he knew more about the oxen than they did. When in France he visited the celebrated Rosa Bonheur, at Fontainebleau, who was about his own age, and

gave her an order for two pictures, which she painted to his entire satisfaction. He had his portrait painted by the celebrated Meissonier, to whom he paid nearly $200,000 for seven pictures. He purchased in Germany this artist's masterpiece, "The Information—General Desaix and the Captured Peasant," for $40,000, giving Meissonier, who had not seen it for many years, a great surprise, and filling the heart of the enthusiastic artist with unbounded gratitude for rescuing the picture from Germany and bringing it to America.

Mr. Vanderbilt's taste for music, especially operatic music, was refined, and he had a keen sense of the humorous.

Neither Mr. Vanderbilt nor any of his family ever displayed any anxiety to hobnob with those people who are known as the leaders of society, although possessed of more wealth than the greatest of them. The celebrated fancy dress ball, given by Mrs. Wm. K. Vanderbilt, at the suggestion of Lady Mandeville, in March, 1883, seemed to have the effect of levelling up among the social ranks of upper-tendom, and placing the Vanderbilts at the top of the heap, in what is recognized as good society in New York. So far as cost, richness of costume and newspaper celebrity were concerned, that ball had, perhaps, no equal in history. It may not have been quite so expensive as the feast of Alexander the Great at Babylon, some of the entertainments of Cleopatra to Augustus and Mark Antony, or a few of the magnificent banquets of Louis XIV., but when viewed from every essential standpoint, and taking into account our advanced civilization, I have no hesitation in saying that the Vanderbilt ball was superior to any of those grand historic displays of festivity and amusement referred to, and more especially as the pleasure was not cloyed with any excesses like those prevalent with the ancient nobility of the old world and frequently exhibited among the modern "salt of the earth" in the mother country. The ball had the effect of drawing the Astors and the Vanderbilts into social union.

The *entente cordiale* was brought about in this way, as the story goes:

Several weeks before the ball Miss Carrie Astor, daughter of Mrs. William Astor, organized a fancy dress quadrille, to be danced at the ball. Mrs. Vanderbilt, it seems, heard of this and said, in the hearing of some friends, that she was sorry Miss Astor was putting herself to so much trouble, as she could not invite her to the ball, for the reason that Mrs. Astor had never called on her. This was carried to Mrs. Astor, who immediately unbent her stateliness, called on Mrs. Vanderbilt, and in a very ladylike manner made the *amende honorable* for her former neglect. So the Astors were cordially invited to the ball, where Miss Astor presented a superb appearance with her well trained quadrille.

All Mr. Vanderbilt's other attachments vanished in presence of his love for his horses. When any company, of which he formed a part, began to talk horse his tongue was immediately loosened and he became eloquent. Although generally a man of few words and diffident as a talker, he could throw the eloquence of Chauncey M. Depew in the shade when the subject was horse. He not alone admired the speed of his horses; he seemed possessed of the fondness of an Arabian for them, and, like old John Harper of Kentucky, would probably have slept with them only through fear of the newspapers criticising his eccentricity. It was he who introduced the custom of fast driving teams, first with Small Hopes, purchased by his father, and Lady Mac, purchased by himself. With this team, in a top road wagon, he made the then remarkable time of 2.23¼.

A host of rivals immediately sprang up, of whom Mr. Frank Work was the most formidable. Mr. Vanderbilt procured faster teams, and with Aldine and Early Rose, under the spur of competition, reduced the time to 2.16½. Mr. Work, however, was a daring and persistent rival, and soon beat this record, although only by a fraction of a minute, which in trotting or racing counts just the same as if it

were an hour. Mr. Vanderbilt then purchased the famous Maud S. in Kentucky for $21,000, and with her and Aldine made the mile in Fleetwood Park in June, 1883, in 2.15¼.

He afterwards reduced this time to 2 08¾, leaving Mr. Work and all other rivals hopelessly in the distance. Eventually he sold Maud S. to Mr. Robert Bonner for the comparatively small amount of $40,000, on condition that she should never be trotted for money. Other men would have given $100,000 for her without this condition.

On the 12th of August, this year, Murphy, the famous jockey, drove Maud S. in single harness, at Tarrytown, a mile in 2.10¼, and declared he did not push her. He said he was confident he could make her do the mile in 2.06 or 2.07 if Mr. Bonner would permit him, thus smashing all trotting records.

It has been said by experts in driving that Mr. Vanderbilt was the best double team driver in America, either amateur or professional.

Mr. Vanderbilt's bequests were liberal and numerous. He added $300,000 to the million which his father gave, through the wife of the Commodore and Dr. Deems, to the Nashville University. He gave half a million to the College of Physicians and Surgeons, and his sister, Mrs. Sloane, added a quarter of a million to this generous donation. It cost him over $100,000 to remove Cleopatra's Needle from Egypt to Central Park. He offered to cancel the $150,000 check which he gave to General Grant to relieve him from the Ward-Fish embarrassment, and his munificent gift to the waiter students in the White Mountains will long be remembered.

Although Mr. Vanderbilt was very courageous, as was proved by the fact that no matter how many threatening letters he may have received—and their name was legion—from cranks, socialists and others, he never made any change in his programme or his routine of business for the day, and never absented himself from the place where he was expected

at any particular hour on account of such letters. Yet he was peculiarly sensitive to public opinion, and sought in various ways to correct its hasty judgment in regard to himself and his enormous wealth.

It was this sensitive feeling, together with his profound respect for popular opinion against monopolies, which induced him to sell a controlling interest, 300,000 shares out of 400,000, at from 120 to 130, ten points below the market price, of New York Central stock in 1879 to a syndicate, the chief members of which were Drexel, Morgan & Co., Morton, Bliss & Co., August Belmont & Co., Winslow, Lanier & Co., L. Von Hoffman & Co, Cyrus W. Field, Edwin D. Morgan, Russell Sage, Jay Gould and J. S. Morgan & Co. of London. The amount paid for the stock was $35,000,000. As the syndicate largely represented the Wabash system, the stock of that property, as well as New York Central, had an important advance.

The reasons assigned for this stupendous and unprecedented stock transaction are briefly condensed by Mr. Chauncey M. Depew as follows: "Mr. Vanderbilt, because of assaults made upon him in the Legislature and in the newspapers, came to the conclusion that it was a mistake for one individual to own a controlling interest in a great corporation like the New York Central, and also a mistake to have so many eggs in one basket, and he thought it would be better for himself and better for the company if the ownership were distributed as widely as possible. The syndicate afterwards sold it, and the stock became one of the most widely-distributed of the dividend-paying American securities. There are now about 14,000 stockholders. At the time he sold there were only 3,000."

That hasty expression, "The public be damned," which Mr. Vanderbilt used in an interview with a reporter for a Chicago newspaper, has received wide circulation, various comment and hostile criticism. Although the expression is literally correct, the public at first, and many of them to this day, received a wrong impression in regard to the spirit in

which it was applied. It was represented as if Mr. Vanderbilt was a tyrannical monopolist, who defied public opinion. A true and simple relation of the interview is a sufficient answer to this. The subject was the fast mail train to Chicago. Mr. Vanderbilt was thinking of taking this train off, because it did not pay, and did not appear to him therefore to be a necessity, and he did not propose to run trains as a philanthropist. As part of the interview which relates to this point has become so widely historic, I think it will bear reproduction here, literally:

"Why are you going to stop this fast mail train?" asked the reporter.

"Because it doesn't pay," replied Mr. Vanderbilt; "I can't run a train as far as this permanently at a loss."

"But the public find it very convenient and useful. You ought to accommodate them," rejoined the reporter.

"The public," said Mr. Vanderbilt. "How do you know, or how can I know that they want it? If they want it why don't they patronize it and make it pay? That's the only test I have as to whether a thing is wanted or not. Does it pay? If it doesn't pay I suppose it isn't wanted."

"Are you working," persisted the reporter, "for the public or for your stockholders?"

"The public be damned!" exclaimed Mr. Vanderbilt, "I am working for my stockholders. If the public want the train why don't they support it."

This, I think, was a very proper answer from a business standpoint, and the expression, when placed in its real connection in the interview, does not imply any slur upon the public. It simply intimates that he was urging a thing on the public which it did not want and practically refused. The "cuss" word might have been left out, but the crushing reply to the reporter would not have been so emphatic, and that obtrusive representative of public opinion might have gone away unsquelched. As it was, however, he and his editor exhibited considerable ingenuity in making the best

misrepresentation possible out of the words of Mr. Vanderbilt, thus giving them a thousand times wider circulation than the journal in which they were first printed, and affording that paper a big advertisement. This is the correct account of that world-renowned expression, "The public be damned!"

The mausoleum at New Dorp, Staten Island, is another outcome of the genius of Wm. H. Vanderbilt. Mr. Richard M. Hunt was the architect. Pursuant to the instructions of Mr. Vanderbilt, it was built without any fancy work, but at the same time on such a grand and substantial scale that it is said there is nothing among the tombs of either European or Oriental royalty to excel it, in solidity of structure and grandeur of design. It is forty feet in height, sixty in breadth and about 150 in depth. It is situated on an eminence commanding the largest prospect of the bay, and one of the finest views all around in the State of New York. The tomb and the twenty-one acres of land, upon the highest part of which it stands, cost nearly half a million dollars, and when the grounds are finished, in the style intended, beautiful roads and walks made, flower gardens planted with the requisite adornments, the entire expense of the mausoleum and its surroundings will not fall far short of a million dollars.

The precautions taken by the family against resurrectionists is one of the best that has ever been adopted. There is a guard at the tomb night and day. Each of these must put on record his vigilance every fifteen minutes by winding up a clock, which is sent to the office at the Grand Central Depot every morning.

In May, 1883, Mr. Vanderbilt, finding that his railroad duties were too heavy for him, resigned the presidencies of his roads and took a trip to Europe. James H. Rutter was elected President of the Central, and on his death was succeeded by Chauncey M. Depew, the present President, who so ably fills that office. About a year before his death Mr. Vanderbilt gave unmistakable notice of his approaching

dissolution when he stopped driving his fast teams, and went out riding with some other person to drive for him. He must have keenly felt his growing weakness when he was obliged to resign the reins which he so fondly desired to hold, and which he had handled with such inimitable skill.

The death of Mr. Vanderbilt was a great surprise, especially to Wall Street, as very few brokers were aware even of his failing health. On the 8th day of December, 1885, he arose early, apparently no worse in health than he had been for a year previous. He went to the studio of J. Q. A. Ward and gave that artist a sitting for the bronze bust ordered by the Trustees of the College of Physicians and Surgeons. Mr. Depew called upon him at one o'clock, but finding that Mr. Robert Garrett, President of the Baltimore & Ohio Railroad Company, had also called to see Mr. Vanderbilt, Mr. Depew waived his opportunity in favor of Mr. Garrett. Mr. Garrett was conversing on his project of getting into New York by way of Staten Island and a bridge over the Arthur Kill. They were in the study. Mr. Vanderbilt sat in his large arm chair and Mr. Garrett sat on a sofa opposite to him. It seems that Mr. Vanderbilt was in perfect harmony with the plans of Mr. Garrett. While he was replying to the remarks of Mr. Garrett the latter observed that his voice began to falter and there was a curious twitching of the muscles about his mouth. Soon he ceased to speak and had a spasm. In a moment he leaned forward and would have fallen on his face on the floor, but Mr. Garrett caught him in his arms, laid him gently on the rug and put a pillow under his head. This was only the work of a few moments, but before it was accomplished the greatest millionaire in America had ceased to breathe. When Dr. McLean, the family physician, arrived he said a blood vessel had burst in the head, and so death, according to the frequently expressed wish of Mr. Vanderbilt, was instantaneous.

On the announcement of Mr. Vanderbilt's death, (which was after Board hours), a panic was predicted in the stock

market. A pool was formed of the most wealthy leading operators, with a capital of $12,000,000, to resist such a calamity. It was not required, however. There was a reaction of a few points in the morning following, which was recovered before the close of the market. The stocks of Mr. Vanderbilt's properties, as well as the properties themselves, had been so well distributed that such a disaster could hardly have occurred without a strong outside combination to help it, and the prevalent desire there was to assist speculation in the very opposite direction. The remains of Mr. Vanderbilt were conveyed to New Dorp and deposited in the tomb without any ostentation.

In the chapter on the young Vanderbilts a brief account of the disposition of the mammoth fortune of $200,000,000 is given.

CHAPTER XXXVI.

"YOUNG CORNEEL."

THE ECCENTRICITIES OF CORNELIUS JEREMIAH VANDERRILT, AND HIS MARVELLOUS POWER FOR BORROWING MONEY.—HE EXERCISES WONDERFUL INFLUENCE OVER GREELEY AND COLFAX.—A DINNER AT THE CLUB WITH YOUNG "CORNEEL" AND THE FAMOUS SMILER."—"CORNEEL TRIES TO MAKE HIMSELF SOLID WITH JAY COOKE.—THE COMMODORE REFUSES TO PAY GREELEY.—"WHO THE DEVIL ASKED YOU?" RETORTED GREELEY.—"CORNEEL'S" MARRIAGE TO A CHARMING AND DEVOTED WOMAN. HOW SHE SOFTENED THE OBDURATE HEART OF HER FATHER-IN-LAW.

CORNELIUS J. VANDERBILT, the brother of Wm. H., popularly known by the name of "Young Corneel," is entitled to a place in this book, as he was prominent among the many financial friends I have had, in his own peculiar line.

"Corneel" was eccentric, and was possessed of some astonishing peculiarities that made him a genius in his way. He led a charmed and adventurous life in his own circles.

He had a wonderful facility for getting into scrapes, and "banked" on the Commodore to extricate him therefrom, which the latter did on many occasions. The mere fact, however, that he had such a father, was in itself sufficient, very often, to get him out of his troubles, without any effort on the part of the Commodore in that direction. "Corneel," however, worked this "racket" for all it was worth, and in time it became almost exhausted. Still, he went on making new acquaintances without limit, and to many of them the name of the Commodore was a sufficient guarantee of security for sundry loans, that were promised to be paid on the fulfilment of certain expectations which only existed in the borrower's imagination.

But it was not very safe for "Corneel" to rely upon his father, or to bank upon his credit in any case. If he had depended solely on the paternal security, he would often have found, when in his worst straits, that he had leaned upon a willow cane for support. "Corneel" had a peculiar fascination in his ability to catch the ear of prominent men, who would listen attentively to his tale of woe, and some of them were so thoroughly under the spell of his persuasive powers that they would "fork" out the required amount without hesitation, to relieve his pressing necessities.

It is sad to relate that the money thus sometimes piteously solicited, and really required to pay a board bill or room rent, was often thrown away in the first gambling den that the borrower happened to be passing, while the landlady and the washerwoman would be obliged to extend their bills of credit indefinitely.

Amongst the special friends upon whom he was in the habit of exercising his alluring magnetism were the Hon. Schuyler Colfax and Horace Greeley. Over both of these eminent gentlemen he seemed to have perfect control. So hopelessly were they under the charm of his occult power that they seldom said "no" to any request that he made, especially when he wanted to borrow money. No sorcerer ever had his helpless victims more completely at his mercy, nor had greater power by the touch of his mysterious wand, than "Corneel" had over these and certain other men, when he would entertain them with a list of imaginary wrongs which he had suffered at the hands of his father and brother. In their ears this story never seemed to become stale, though it was the same old story every time, with hardly any attempt at variation. To them and others, over whom he exercised this unaccountable influence, the thing did not seem to become monotonous like other twice-told tales, related by ordinary people.

To the man of average intellect and common business capacity "Corneel" was a shocking "bore" and a victim of

morbid melancholia, but these men of genius were won by the impression which he had made upon them, and thoroughly imbued with the deepest sympathy for the wrongs which his strange hallucinations conjured up. Unlike most men who borrow money from friends and don't pay, instead of exhausting his credit by this business delinquency, he made it the basis for increasing it, and it generally seemed to be a potent means of enabling him to borrow more. Hence his obligations to Mr. Greeley were persistently cumulative until they exceeded $50,000.

I have been told by a person familiarly acquainted with him that years after Greeley's death he would sometimes sit in deep meditation, with the tears welling up in his eyes, especially when in a great financial strait, and sighingly say: "When Mr. Greeley died I lost the best friend in the world." Be it said to his credit, however, in spite of all his shortcomings, he exhibited his honesty by paying every cent of the debt, with interest, to Mr. Greeley's daughters. He also paid the greater part of all the other debts which he had contracted under similar circumstances, after making a settlement with Wm. H. and receiving a much larger amount than he had been left by the will of his father, who bequeathed him merely a decent competence for his rank and station in life, without any surplus for the policy shops and faro banks.

One of the qualities possessed by "Corneel" in a remarkable degree, and which enabled him to be so successful a borrower, was his extreme earnestness. He bent his whole energies to the work in hand, and his requests usually met with ready response. If he had put the same energy and intense enthusiasm into legitimate speculation, he would have been as successful as his father or Jay Gould. He must have been an intuitive judge of character, for he showed that he generally knew his man in advance of making application for sundry little loans. In that respect he was not unlike the famous huntsman who was a dead shot every time.

My first acquaintance with "Corneel" was through one of his special friends, the Hon. Schuyler Colfax, whom he brought to my office for the purpose of having himself introduced by Mr. Colfax. He informed me that he had just then returned from Hartford, Conn., where he had taken his friend, Mr. Colfax, for a week's visit at his house. It can be readily imagined, therefore, that at this time Mr. Colfax had but little control over his own bank account and for a long time afterwards.

I invited both these gentlemen to dinner at the Club that afternoon. Although Mr. Colfax was an extraordinarily good talker, he was left far in the distance and almost silenced by "Corneel." Most of what the latter said, however, had very little in it of a tangible character, and was almost entirely made up of unstinted praise of his friend Colfax. If ever there was a man talked up to the skies, or if the thing were possible, Colfax must have been literally in that elevated position during our dinner.

There was no let-up to the unqualified adulation, yet I must say that there was none of the uninterrupted stream of fulsome flattery fell to the ground. Schuyler took it all in as he did his viands, and as if it were legitimately his due, a proof positive that "Young Corneel" was not mistaken in his man; and a further demonstration of his natural sagacity in striking the man upon whom he could successfully exercise his peculiar charms of persuasion.

When he got tired talking about Mr. Colfax, the object of his next theme was Mr. Greeley, on whom he was profusely prolific.

I met Mr. Greeley frequently afterwards, and told him what a good friend he had in young Cornelius Vanderbilt. "Yes," he said, with a knowing smile, "I think he is a good friend of mine. I have heard of his frequently saying nice things about me. It is a great pity, however," he added significantly, "that he is so frequently short of funds. If he had more money he would be a very good fellow."

It was generally in the way above referred to that he would steal a march on Mr. Greeley and impose on his good nature. He would say nice things about him to some one who would quote him to Mr. Greeley, and thus pave the way for an additional loan. In a few days afterward "Corneel" would call on his tried and trusty friend, and never fail to obtain the needed relief, or a large portion of it.

"Corneel" had great tact in utilizing his various advantages for borrowing, and was imbued with a thorough devotion to his object, worthy of a better cause. The day following his first visit to my office, he called again and told me that his friend Colfax had left by the early train for Washington, and had urged him to go along, but as he had some matters to attend to he had postponed his departure until the night train.

He said to me, "By-the-bye, you know Jay Cooke very well."

I said, "Yes."

Then he replied, "I have some matters to look after in connection with the Treasury Department, and I think he could be of some service to me. Will you be good enough to oblige me with a letter of introduction to him? I may not need it," he added with a business air of *sang froid*, "but I should like to have it in case of need."

I wrote him a brief and non-committal introduction, somewhat as follows:

"This will introduce to you Mr. Cornelius Vanderbilt, Jr., son of the Commodore. I take the liberty of making you acquainted with him through this medium, at his own request.

"Truly yours, HENRY CLEWS."

There was certainly nothing on the face of this document, except the Commodore's name, to justify any person in utilizing it as a bill of credit.

Yet the financial genius of "Young Corneel" was equal to the task of an indirect negotiation of this character, and after the lapse of a few days his drafts from Jay Cooke be-

gan to pour into my office like April showers. None of them was very large, but when put together they aggregated a pretty fair amount, and were so cumulative in their character that, had I not wired Mr. Cooke to stop the supplies, it is difficult to say what figure the sum total would have reached.

The last time I saw "Young Corneel" was at Long Branch, where he took a drive with me one fine warm afternoon. He spoke feelingly about his wasted life, and concerning the many good friends who had come so often to his rescue, and had got him out of his numerous holes, into which, through misfortune, he had been thrown. He said all there was of life for him was to live long enough to pay up old scores. He had fully determined to do this, and then, he thought, a prolongation of existence would have no further charms for him. It must be said to his credit that he accomplished this work, and then laying himself sadly down, died by his own hand.

Let us, therefore, throw the mantle of charity over that tragic scene in the Glenham Hotel, and hope that his soul may elsewhere have found the rest which in its poor, afflicted body it vainly sought for here.

That portion of the Commodore's will in which he makes provision for Cornelius J. is thoroughly characteristic of the old man, in its iron-clad provisions. It says: "I direct that $200,000 be set apart, the interest thereof to be applied to the maintenance and support of my son, Cornelius J. Vanderbilt, during his natural life. And I authorize said trustees, in their discretion, instead of themselves making the application of said interest money to his support, to pay over from time to time, to my said son, for his support, such portions as they may deem advisable, or the whole of the interest of said bonds. But no part of the interest is to be paid to any assignee of my said son, or to any creditor who may seek by legal proceedings to obtain the same; and in case my said son should make any transfer or assignment of

his beneficial interest in said bonds or the interest thereof, or encumber the same, or attempt so to do, the said interest of said bonds shall thereupon cease to be applicable to his use, and shall thenceforth, during the residue of his natural life, belong to my residuary legatee. Upon the decease of my said son, Cornelius J., I give and bequeath the last mentioned $200,000 of bonds to my residuary legatee."

Though a portion of this provision is rather whimsical, yet it was ably designed to force "Corneel" to desist from his besetting sin, the gaming table.

If the trustees were permitted to pay him the whole of the interest at whatever period they should choose, it seems harsh that the beneficiary should forfeit it entirely, if he should seek to relieve present and pressing necessities, by borrowing on his future income. It showed that the Commodore, even at the hour of his death, thought that "Corneel" was not fit to be treated otherwise than as a child, and that it was necessary he should be kept under the guardianship of his brother.

This circumstance hurt "Corneel's" feelings greatly, as he imagined himself a bigger man, mentally, than Wm. H. This opinion, however, no other man could conscientiously endorse, except it might have been Greeley or Colfax.

"Corneel," though always exclaiming against the old man's hard-heartedness, had an intense admiration for his father's abilities, and he was as sensitive as a sunflower when any other person would say a word to disparage the Commodore. While railing constantly at the parsimony of his father, he was as devoted a hero-worshipper of the Commodore as Thomas Carlyle ever was of the greatest of his heroes, and he never grew tired talking of his achievements, with the history of which he was thoroughly familiar. He had even a more intense hatred against Gould than his father had, and solemnly believed that Gould and Fisk had, during the manipulation of the Erie "corner," conspired to assassinate the Commodore.

Of course this was one of his many hallucinations, and there was not the least ground for it, but he had got it indelibly on the brain, and he would not tolerate contradiction in that notion any more than in any other opinion which he had got fixed in his morbid mind. He once went into an epileptic fit in the presence of a friend of mine who attempted to reason with him on the improbability of such a man as Gould contemplating murder.

He never forgave his father for having him arrested and incarcerated in Bloomingdale Lunatic Asylum. He had run off to California the time of the gold fever, and shipped as a sailor. He was then in his eighteenth year. When he returned, which was pretty soon, as he had no ability to enter into the terrible mental and physical struggle for wealth on the gold coast, his father had him arrested. It was soon discovered that he was no lunatic, however eccentric he might be, and he was released, but he took the matter dreadfully to heart, and it had a melancholy and demoralizing effect upon all his future life. He was petulant, and still complaining, and often acted like a crazy man in that the more any of his intimate friends tried to please him he seemed the more dissatisfied; yet it was impossible to get along with him without humoring him, and it was almost next to impossible to humor him. In this way he could work on the minds of the strongest of his friends, so as almost to put them into a fit as bad as one of his own.

Dr. Swazy's patience was often put to a very severe test in his attempt to please this eccentric invalid.

"Corneel" was a miser everywhere except at the gaming table, and would cling to a cent with greater tenacity than ordinary people display in holding on to a ten-dollar bill. But among the gamblers either a ten-dollar bill or a hundred-dollar bill was less valuable in his eyes than a cent in the common transactions of every day life. "Faro" and "keno" had terrific power over him. He has often been known to have had an epiletic fit at the gaming table, get

a doze afterwards which seemed like the sleep of death, so cadaverous did he look on those occasions, and then awake up and go on with the play, whose fascination he appeared utterly powerless to resist.

When it came to the ears of the Commodore that Greeley was lending his son hundreds and sometimes thousands of dollars at a time, he visited the office of the *Tribune*. He rushed without ceremony into the sanctum, where Greeley was busy at his high desk, grinding out a tirade against some political or social abuse, and thus addressed the Sage of Chappaqua: "Greeley, I hear yer lendin' 'Corneel money." "Yes," said Greeley, eyeing the monarch of steamboat men through his glasses, with an air of philosophic contempt mixed with commisseration; "I have let him have some." "I give you fair warning," replied the Commodore, "that you need not look to me; I won't pay you." "Who the devil asked you?" retorted Greeley. "Have I?"

This closed the interview. The Commodore retraced his steps down the rickety stairs into Spruce street, and Greeley continued to grind out his illegible chirography for the profane printers. There is no record, I believe, that the subject was ever reverted to between them. Soon after the death of Greeley the Commodore sent a check for $10,000 each to his two daughters.

The Commodore was well satisfied with the marriage of young "Corneel" to Miss Williams, of Hartford, Connecticut, and he had hoped that his son would begin then to lead a new life, but he was doomed to disappointment.

There is a good story told about an interview between the Commodore and Mr. Williams prior to the marriage.

Mr. Williams called upon the Commodore at his office in Fourth street, near Broadway, and informed him that his son, Cornelius Jeremiah, had asked his daughter in marriage, and she was willing if the Commodore had no objection to the union.

"Has your daughter plenty of silk dresses?" asked the Commodore, sententiously.

"Well," replied Mr. Williams, showing some sensitiveness at what he at first considered assumption of superiority and purse-pride on the part of the Commodore, "my daughter, as I told you, is not wealthy. She has a few dresses like other young ladies in her station, but her wardrobe is not very extensive nor costly."

"Has your daughter plenty of jewelry?" continued the Commodore, without appearing to take much notice of Mr. Williams' explanation.

"No, sir," replied Mr. Williams, becoming slightly nettled, and showing a laudable pride in opposition to what he considered a slur on account of his moderate means, "I have attempted to explain to you that I am in comparatively humble circumstances, and my daughter cannot afford jewelry."

"The reason I ask you," pursued the Commodore, "is, that if she did possess these articles of value, my son would take them and either pawn or sell them, and throw away the proceeds at the gaming table. So I forewarn you and your daughter that I can't take any responsibility in this matter."

The nuptials were duly consummated, however, in spite of the Commodore's constructive remonstrance.

After the marriage "Corneel" asked his father for some money to build a house. "No, Corneel," he said emphatically, "you have got to show that you can be trusted before I trust you."

His wife made application to her father-in-law with better success, however. He gave her a check for $10,000. In a few months afterward she paid another visit to the Commodore, who received her cordially, but expected she had come for another loan, and he was attempting to work up his courage to the point of refusal; for, strong and almost invincibly obdurate as he was in the general affairs of life, in the presence of the fair sex, like Samson when he got his hair cut, he was weak and like another man.

"Well," said the Commodore, addressing his daughter-in-law with a kindly smile, "what can I do for you now?"

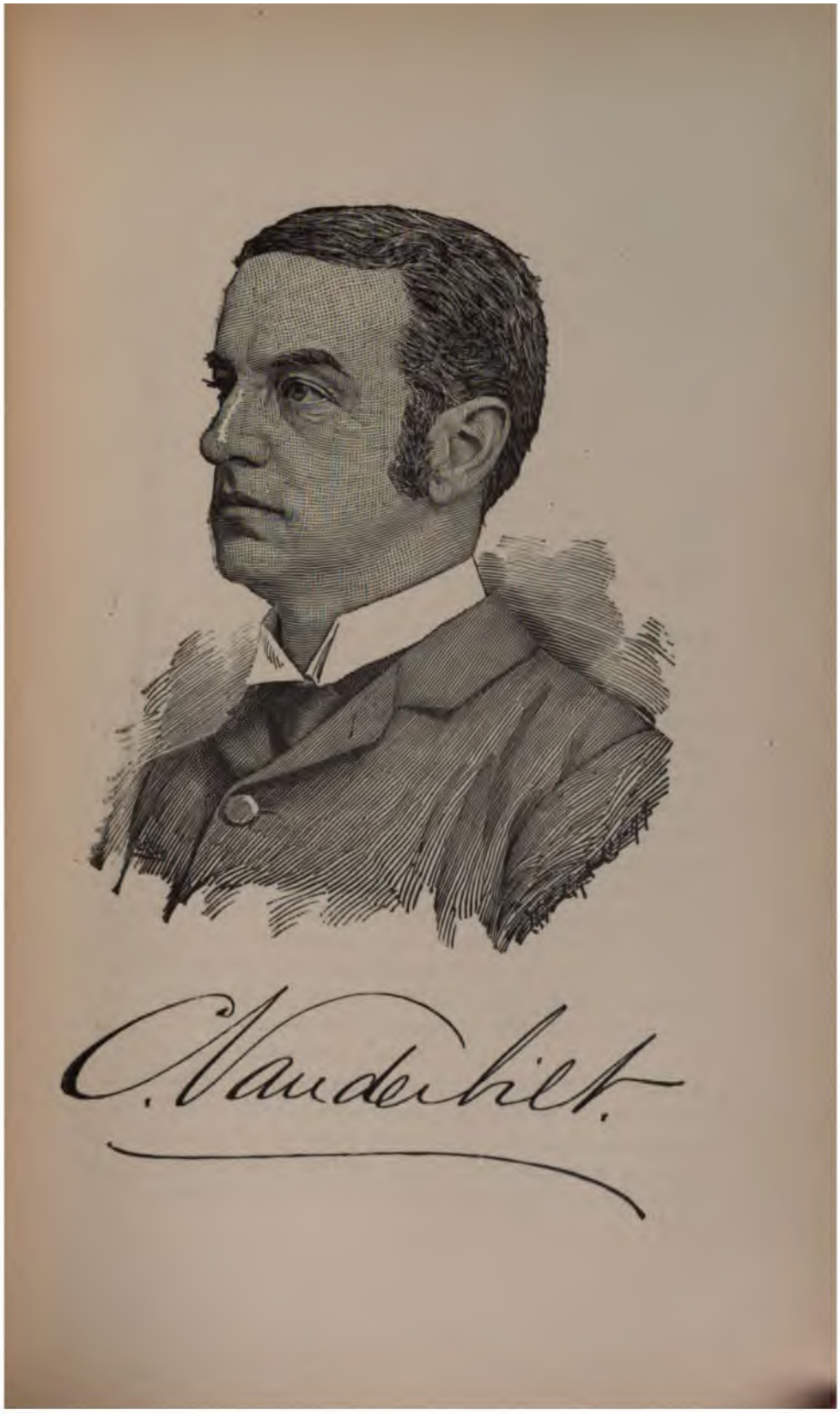
"Well, papa," she replied in her exceedingly candid and agreeable manner, "we did not need all the money, so I brought you back $1,500."

The Commodore could hardly believe his ears and eyes, and thought for a moment that he must be under some mysterious delusion, superinduced by the spiritual seances which he then was in the habit of attending. But when the cash was put in his hand he found it was a material reality. This sealed a warm friendship between him and his worthy and economical daughter-in-law, which was only severed by her premature death about ten years before that of her unfortunate husband.

The sympathy that some people manifested for "Young Corneel" was, like his own maladies, of the most morbid or delusive character. He had $200 a week from his father all the time that he was whining to the public about his pinching poverty and denouncing the old man's niggardliness. This would have been ample, with fair economy, not only for all the necessaries of life, but, under judicious management, would have afforded the recipient many of its luxuries.

With his irresistible propensity for gambling, he would not have been any better off physically, but worse, with the entire income from his father's 75 or 100 millions. The only difference that should have arisen was that he would have been instrumental in carrying out in part the socialistic and communistic idea of a wider distribution of private property, amassed by thrift, privation and industry, among the drones, lazy "loafers" and criminals of society.

The Commodore's judgment, therefore, in limiting his prodigal son to $200 a week, was not only comprehensive, but beneficent in its results both to his son and to society at large.


C. Vanderbilt.

CHAPTER XXXVII.

THE YOUNG VANDERBILTS AND THEIR FORTUNES.

REMARKABLE FOR PHYSICAL AND INTELLECTUAL ABILITY.—THE MIXTURE OF RACES AND THE LAW OF SELECTION.—THE WONDERFUL WILL AND THE WISE DISTRIBUTION OF TWO HUNDRED MILLIONS.—TASTES, HABITS AND SOCIAL PROCLIVITIES OF THE YOUNG VANDERBILTS.—THE MARRIED RELATIONS OF SOME OF THEM.—BEING HAPPILY ASSORTED THEY MAKE GOOD HUSBANDS.—THEIR PROPERTY REGARDED AS A GREAT TRUST.—THEIR RAILROAD SYSTEM AND ITS GREAT ARMY OF EMPLOYES.—THE YOUNG MEN CAUTIOUS ABOUT SPECULATING, AND CONSERVATIVE IN THEIR EXPENSES GENERALLY.

THE young Vanderbilts who have succeeded to the estate of their father, William H., are all remarkable for both intellectual and physical power, as well as a high degree of refinement, showing how fast human evolution under favorable circumstances progresses in this country. In other countries it takes many generations to develop such men as the present Vanderbilts. In this country three generations in this instance have produced some of the best samples of nature's nobility, which is superior in every respect to the proud and vain-glorious production which emanates from the succession of "a hundred earls" in England, or even a greater number of barons, princes and kings on the Continent of Europe. It would be difficult to produce better types of men in the short period named than Cornelius, William K., Frederick and George Vanderbilt, in personal appearance, breeding and culture.

The mixture and amalgamation of races from all parts of the world have doubtless had a great deal to do with such favorable results in the reproduction of our species in the United States. In the old country close intermarriages seem to have a deteriorating effect on the race, with probably the

one apparent exception, namely, the house of Rothschild, and a little longer time may tell that the rule of deterioration holds good in this case also.

The four sons of William H. Vanderbilt have had the greatest start in life of any family in all the records of history, ancient and modern, with the single exception, probably, of the five Rothschild brothers, the sons of old Anselm, and they had not near so much money to begin with, but had the advantage of the Vanderbilts in their locations and in their methods of combination. These methods, as I have observed elsewhere, could only be attained through the Hebrew religion. By the provisions of the remarkable will, which revealed such enormous wealth as to make almost every other millionaire feel comparatively poor, the greater portion of 200 million dollars was divided among the eight children of the testator. Millions were distributed in this case as other millionaires have been in the habit of dealing with thousands. The ordinary human mind fails to grasp the idea of such a vast amount of wealth. If converted into gold it would have weighed 500 tons, and it would have taken 500 strong horses to draw it from the Grand Central Depot to the Sub-Treasury in Wall street. If it had been all in gold or silver dollars, or even in greenbacks, it would have taken Vanderbilt himself, working eight hours a day, over thirty years to count it. If the first of the Vanderbilts had been a contemporary of old Adam, according to the Mosaic account, and had then started as president of a railroad through Palestine, with a salary of $30,000 a year, saving all this money and living on perquisites, the situation being continued in the male line to the present day, the sum total of all the family savings thus accumulated would not amount to the fortune left by Wm. H. Vanderbilt, unless this original $30,000 had been placed at compound interest, and that in a bank from which young Napoleons of finance had been strictly excluded.

The will itself affords one of the best tests on record of

W K Vanderbilt

the sound judgment and equitable mind of the testator. He was under filial obligations to a certain extent to revere the memory and respect the opinions of the father through whom he had acquired the means of accumulating this wonderful fortune.

The Commodore had modified ideas of primogeniture, not exactly in the English sense of the term, but he had an intense desire to perpetuate his name and wealth, and would doubtless have advised William H., and perhaps he did, to bequeathe nearly all his possessions to one of his sons, leaving the rest of the family a bare independence.

Wm. H., in accordance with his sensitive disposition, upright mind, and a due respect for the feelings, opinions and even the prejudices of others, resolved to make what public opinion would be likely to consider an approximately fair division of his immense estate. In this attempt, I think he succeeded pretty well, considering all the circumstances and difficulties with which he had to grapple. A synopsis of the will itself, however, herewith inserted, will enable the public to be the best judge of the equity of the case.

In the first place Mr. Vanderbilt devised to his wife the palatial residence, which cost two millions, situated between 51st and 52d streets on Fifth avenue, the stables on Madison avenue, the paintings and statuary, and an annuity of $200,000 per annum. He also empowered her to dispose of, by will, in any way she might desire, $500,000 out of the sum set apart to produce her annuity of $200,000.

He bequeathed to each of his four daughters, Mrs. Elliott F. Shepard, Mrs. William Sloane, Mrs. Hamilton McK. Twombly and Mrs. William Seward Webb, an elegant house on Fifth avenue in the vicinity of his own mansion. He then devised 40 million dollars' worth of securities, 25 millions of which were in United States bonds, to be divided by the trustees equally among his eight children, five millions each. Next he bequeathed 40 millions more in

securities, ten millions of which were in United States bonds, and the balance in securities of his own railroads, to his eight children, share and share alike.

He gave to his son Cornelius two million dollars in addition to all other bequests made to him.

George W., his youngest son, is to receive at the death of his mother all that she possessed during her natural life, and if he should die without issue his inheritance shall go to Wm. H., the son of Cornelius, but in the event of this contingency not occurring, the grandson, Wm. H., is to receive a million on attaining the age of 30.

Then followed a host of small legacies to relatives, friends and employes. He left $2,000 a year to each of his uncle Jacob's three children.

He gave $200,000 to the Vanderbilt University of Nashville, Tenn., founded by his father; and he left about a million in the aggregate to twelve charitable and religious institutions.

The twenty-second clause of the will is the most important, especially to his two eldest sons. It reads as follows:

"All the rest, residue and remainder of all the property and estate, real, personal and mixed, of every description and wheresoever situated, of which I may be seized or possessed, or to which I may be entitled at the time of my decease, I give, devise and bequeath unto my two sons, Cornelius Vanderbilt and William K. Vanderbilt, in equal shares, and to their heirs and assigns, to their use forever."

Mrs. Vanderbilt was appointed executrix and her four sons executors of the will. The witnesses were Judge Charles A. Rapallo, Samuel F. Barger, C. C. Clarke and I. P. Chambers.

This remainder, left to his two sons named in the clause cited, amounted to about 50 million dollars each, in addition to their other bequests, thus leaving each of them nearly as wealthy as their grandfather was when he died. Cornelius is said to be worth over 80 million dollars.

Cornelius is the oldest son. He is a year or two over forty. He received a good education, and had an excellent business training in his father's offices at the Grand Central Depot. He has always been remarkable for strict attention to business, and for his thorough familiarity with everything connected with his own department, as well as having a good general knowledge of all the departments of the great railroad system. When his father retired from active work, and the presidency of the roads, Cornelius succeeded him as Chairman of the Board of Directors in New York Central and Michigan Central.

Wm. K. took a similar position in Lake Shore, and was also elected President of New York, Chicago & St. Louis, generally called the Nickel Plate road.

Cornelius was married about fourteen years ago to Miss Alice Gwinn, a handsome young lady of Cincinnati, and has four children. He resides in an elegant house, at the corner of Fifty-seventh street and Fifth Avenue, and has a handsome summer residence, "The Breakers," at Newport.

He is connected, as an active worker, with various charitable and religious institutions, and is very favorably known and highly respected in the best social circles. He is gaining a great reputation through various donations to laudable objects. Among these may be mentioned the Club House in the vicinity of the Grand Central Depot, for the accommodation of employes of the various railroads connected with the Vanderbilt system. Also his magnificent gift to the Metropolitan Museum of Art, the celebrated picture of Rosa Bonheur, "The Horse Fair," which is valued at $60,000. In this he surpassed the most liberal efforts of Mr. George I. Seney, in one of his grand specialties, namely, contributions to Art.

William Kissam Vanderbilt, the second son of Wm. H., also received a fair education, and graduated in business in the Transportation Department of his father's great railroad system, where he exhibited marked ability in mastering all

the essentials, and in doing his work with rapidity and accuracy. He is considered the most handsome and the most imposing in appearance of any of the family, although, as I have intimated at the beginning of this chapter, they are all above the average in regard to the manly and gentlemanly virtues, owing to what Darwin would have designated the "natural law of selection." Wm. K. has a grand mansion, on the corner of Fifty-second street and Fifth Avenue, and a country residence at Islip, Long Island, where he usually summers. He is about thirty-eight years of age. He is married to Miss Alva Smith, the daughter of a wealthy merchant of Savannah. She is a leading lady in society, considerably above the average in good looks, and possessed of rare conversational powers, with an ample fund of wit and humor. They have three children.

Frederick W. Vanderbilt, the third son of the late millionaire, seemed to have had a greater desire for study than the two former, hence after going through the ordinary course for boys at home, he went to Yale, where he graduated in the Sheffield Scientific School. Thus equipped he went into his father's office, and made himself thoroughly acquainted with the general routine of the whole business, in every department.

He married Mrs. Torrance, formerly the wife of his cousin. Young Vanderbilt fell in love with her and married her in a year afterward. She is an exceedingly attractive woman, and the union is a very happy one. Mr. Vanderbilt gave Frederick the house at Fortieth street and Fifth Avenue, in which he himself had resided prior to his removal to the Fifth Avenue palace. This house was built by the old Commodore for his son W. H. It was considered to be the finest residence in the city at the time of its completion.

George W. Vanderbilt, the youngest of the four sons, is now about 25 years of age. He is not so robust as the others, but enjoys pretty good health. He manifested a decided tendency at an early age for study and reading.

C. C. Vanderbilt.

He is said to be extensively read in literature for his age, and has written some essays on various subjects, which give considerable promise of success with perseverance in that line. He is a lover of the fine-arts, knows the history of all the pictures in the great gallery which his father collected, and like that revered parent, whose constant companion he was during the last few years of his life, he is very fond of the opera. His grandfather, the Commodore, left him a million dollars, to which his father added another million on his twenty-first birthday.

George W. has recently made a handsome present to the Bond street free public library, donating thereto $40,000 to build a branch of that institution at 251 West Thirteenth street. He bids fair to be a liberal patron of letters, and no doubt his gifts in this way will be prudently directed and made with good judgment. The man who can appreciate learning, as George Vanderbilt has proved he can, will never be likely to leave the terms of an endowment to a public library, for instance, which he intended for the benefit of the whole community, so loose that a clique of trustees can restrict all its privileges to a limited number of ladies and gentlemen of leisure, by narrowing the hours of keeping the institution open, as has been done with those two fine libraries intended by the donors for the people at large, namely, the Astor and the Lenox.

New York is comparatively poor in its libraries, even on the supposition that these public trusts should not be tampered with, and their original object defeated; but when the best of them are diverted from the purpose originally intended by the philanthropists who presented them to the public, a great wrong is inflicted on the citizens of New York.

There has been a great deal said and written during the past few years about the Vanderbilt system of railroads being a great monopoly. I am not in favor of monopolies. On the contrary, I have, in this book, as well as through other mediums of reaching the public, and in interviews

published all over the country, denounced monopolies in very strong terms. I regard the Vanderbilt property, however, in the light of a great trust, the four young men above referred to, with Chauncey M. Depew, the President of New York Central, being the trustees, and I question very much if that eminent team of honest and able reformers, Henry George and the Rev. Dr. Edward McGlynn, with other minor lights of the Anti-Poverty Society, could administer that trust with greater benefit to the public, nor could they employ a greater army of well-paid, easy-worked, and well-fed men by any State or National supervision or management, or by breaking up the great corporation into probably a hundred or more small companies.

The Vanderbilt system employs 200,000 people at better wages than they can obtain elsewhere, any place in the world. It pays over $150 an hour for taxes. The State is paid $1 for every $2.70 received by the stockholders.

Nor can I think it possible that the paternal system of Government proposed by the Socialists, with all the modern discoveries and appliances of dynamite to aid them, could accomplish as much in a century for the well-being and advantage of the people of this State and of the whole country as the Vanderbilt system of railroads has done in half that time. I see no reason, therefore, to regard the present Vanderbilt regime as a grinding monopoly.

Until the Georgeites, the McGlynnites, and the Socialists demonstrate that their untried systems will confer greater happiness on humanity than honest enterprise in the best circumstances, under our present social system, with all its defects, has developed, I shall be tardy in subscribing my adhesion to the new order of things.

I don't wish to be understood for a moment as implying that I am averse to free thought, the highest development of humanity, mentally and physically, and the most advanced evolution in the same direction. I aim at keeping abreast of all these within the free exercise of my own judgment, and it is thus that I can heartily applaud Dr.

McGlynn for his polite but firm refusal to visit the Eternal City for the purpose of being corrected or regulated in regard to free thought and free speech, as viewed from the American standpoint, by a foreign potentate, who assumes the guardianship and governorship of all human affairs, both from a spiritual and secular point of view.

The days of Hildebrand (Pope Gregory VII.) are gone for ever, and Leo XIII. should have sense enough to know it. McGlynn will never stand, like Henry IV., shivering in his shirt at the door of the Vatican, awaiting his sentence of penance to Canossa. Bismarck, however, came pretty near repeating this little historical episode not long since, but the great Chancellor of the German Empire, unlike McGlynn, did not have the advantage of an American education, and the independence which it confers. He may, therefore, to some extent be excused. I think, however, that McGlynn will stick, and I admire his firmness. No church, no matter how powerful its foreign allies may be, can suppress free speech in the home of the brave and the land of the free.

So, in their battle for freedom of speech, I admire the pluck of the George-McGlynn party, but as regards their social theories, I shall remain in a waiting mood until I see them more fully demonstrated.

To return from this little digression, however, I wish to express the hope that the young Vanderbilts will manage their vast estate so as to inure to the public benefit in such a way that the most fastidious Socialist will be unable to take exception to the benign results.

The young Vanderbilts have at intervals speculated in Wall street, but conservatively, with the exception of William K., who, in the past, has made numerous and spasmodic turns, chiefly on the advice of older operators, which have not always redounded to his interest. As a rule these young men are shrewd and cautious financiers, and I think it is safe to say that none of them will run the risk of losing his handsome fortune in speculation.

From Harper's Magazine.

Copyright, 1873, by Harper & Brothers.

SOLOMON ROTHSCHILD,
Head of the old House at Vienna.

ANSELM MAYER ROTHSCHILD,
Head of the House at Frankfort, 1812–35.

CHARLES ROTHSCHILD,
Head of the old House at Naples.

CHAPTER XXXVIII.

THE ROTHSCHILDS.

THE BEGINNING OF THE FINANCIAL CAREER OF THE GREAT HOUSE OF ROTHSCHILD.—THE HESSIAN BLOOD MONEY WAS THE GREAT FOUNDATION OF THEIR FORTUNE.—HOW THE FIRM OF THE FIVE ORIGINAL BROTHERS WAS CONSTITUTED.—NATHAN THE GREATEST SPECULATOR OF THE FAMILY.—HIS CAREER IN GREAT BRITAIN, AND HOW HE MISREPRESENTED THE RESULT OF THE "BATTLE OF WATERLOO" FOR SPECULATIVE PURPOSES.—CREATING A PANIC ON THE LONDON STOCK EXCHANGE.—HIS TERROR OF BEING ASSASSINATED.—HIS DEATH CAUSES A PANIC ON THE LONDON EXCHANGE AND THE BOURSES.

AS the Rothschilds have indirectly made an immense amount of money in Wall Street from time to time, a sketch of the famous house and its methods of doing business will be of interest in this volume. The house is represented in America by Mr. August Belmont, than whom there is no banker more widely known and more highly regarded all the world over. It is due to the wise and conservative management of Mr. Belmont that the famous Rothschilds have reaped millions of profits from American sources. The original name of Rothschild was Bauer. The family adopted the name Rothschild (Red Shield) from the sign which the founder of the house kept over his dingy little shop in Frankfort-on-the-Main, in the odoriferous quarter called the Judengasse (Jews' street). In this little shop Mayer Anselm Rothschild, the founder of the house, discounted bills, changed money, examined the quality of coins, bought cheap and sold dear. "How do you get so rich, Mr. Rothschild?" said a friend of his to old Anselm one day, as he leaned over his dusky little counter. The original head of the great house said: "I buys 'sheep' and sells 'deer.'" His knowledge of the quality of coins was marvellous. He could detect a light

coin the moment he took it in his hand, and there was no imitation diamond or gem could escape his eye. He had the instinct of genius in detecting everything in the form of money or jewelry that was not genuine. He was a walking directory so far as the financial standing of every commercial man in Frankfort and in several other important cities in Germany was concerned. At the age of seventeen young Rothschild took rank with the best, oldest and ablest financiers of Frankfort. His father, who died when Mayer Anselm was thirteen years of age, had intended to make him a Rabbi, but the coin had such attraction for him, that it quickly drew him from the Talmud, and he established himself in his father's narrow quarters as a financier.

It is not generally known that Rothschild's first great start in financial life was given to him by the use of the twenty million dollars which was paid to the Landgrave of Hesse, Frederic II., by George III. of England, for 17,000 Hessians to help to whip George Washington and retain the American Colonies. This blood money was the original basis of the vast fortune of the Rothschilds. It was deposited with Mayer Anselm by William IX., the successor of Frederic, whose example was followed by other great ones of the earth, and in a few years the agents of the kings and princes of Europe were flocking to Frankfort to negotiate loans with Rothschild on behalf of their mighty patrons.

There is a very interesting story related, giving the reason why the Landgrave passed by all the great bankers of Frankfort and entrusted this large amount, together with a similar amount afterwards, to Rothschild. The latter had occasion to visit Prince William at his palace in Cassel, and found him playing a game of chess with Baron Estorff. Rothschild prudently kept quiet and did not interrupt the game, but stepped lightly up and stood behind the prince's chair, where he could watch every move. The Prince was getting the worst of the game, and was becoming a little excited. Turning around, he said: "Rothschild, do you understand chess?" "Suffi-

ciently well, your Serene Highness," replied Rothschild, "to induce me, were the game mine, to castle on the king's side." The Prince took the hint, and won the game. Then turning to Rothschild, he said: "You are a wise man. He who can extricate a chess player from such a difficulty as I was in, must have a very clear head for business."

The Prince afterwards told the Baron that Rothschild was as good a chess player as Frederic the Great, and that a man of such capacity must be able to take good care of money. The forty millions which were obtained on deposit remained with the house of Rothschild for nine years, and when Napoleon invaded Germany in the interim, the money, together with other valuables, was hidden in wine casks in Rothschild's cellar, but the Conqueror never thought of tapping the casks. After peace was proclaimed, and William, who had been obliged to seek safety in flight, returned home, old Rothschild was dead, but his son Anselm handed over to the Prince every dollar of the forty millions, and tendered him in addition two per cent. interest for the entire time of the deposit. The Prince made him a present of the interest.

The elder Rothschild had five sons, namely: Anselm, who succeeded his father in Frankfort; Solomon, of Vienna; Nathan Mayer, of London; Charles, of Naples; and James, of Paris. According to their father's will, the five sons were to constitute but one firm, in which they were to enjoy equal profits, and never divide the fortune. The business was to be managed at Frankfort as headquarters, to which great money centre all the profits from the other moneyed capitals were to be raked in. The intention of the old man was to make these five money kings dominate Europe by the power of their wealth, so that the ordinary kings would become their subjects, and in many instances the hopes of the great old chess player have been realized. All the annual settlements were made at Frankfort, and the brothers met there at least once a year for a general conference.

This system continues, and though the original five brothers have all passed over to the majority, the last of them, James, having died in Paris in 1868, at the ripe age of 76, yet the representatives of the house in the large cities of Europe sustain the principles of union, harmony and consolidation laid down by old Anselm Mayer Rothschild. Although this union has been the great source of the Rothschilds' success, it would be hopeless, however, for any other parent outside the Hebrew race to imitate the injunction of old Rothschild. The idea of an equal division of the profits could not be entertained for a moment by an American. The socialistic family tie that enjoined such an arrangement could only be rendered binding through the power of the Hebrew religion. Just imagine how an American would feel if by some lucky turn of fortune, like that of Nathan Rothschild in London, after the battle of Waterloo, he should make six millions in a day, and be requested to divide it with his four brothers! He would sooner spend a million of it to try and break the old man's will, and employ several of the best sophistical lawyers he could find to prove that his father was demented.

It is supposed that the elder Rothschild died worth 15 or 20 millions, but this is in a great measure merely conjecture, as nobody outside the family ever knew what their real wealth was, this fact having always been kept an inviolate family secret. It must be said, to the credit of the old man, that in his latter days, instead of becoming stingy, as many do, he was quite liberal, and, according to the scriptural injunction, distributed his alms in secret, without even permitting his sons to know anything about the matter. He contributed largely to various charities in the same way. It is said he would go through the poverty-stricken districts of the city after night, giving money to the needy, from whom he would retreat before giving them time to thank him for his beneficence. He had a notion that those who gave without receiving thanks were greater favorites with the Divine Being, who rules the destinies of man.

From Harper's Magazine. Copyright, 1873, by Harper & Brothers

NATHAN MAYER ROTHSCHILD,

(The Financial Hero of Waterloo.)

The greatest speculator of the five brothers was Nathan Mayer Rothschild, the third son of the great old man. He made the grand hit of his life after the battle of Waterloo. He kept watching the movements of the opposing armies on the Continent, and followed Wellington very closely as he approached the famous field. It seems that the Iron Duke was not at all pleased with Nathan's attention to him, as he took him for either a spy or an assassin, and was on the point of having him arrested several times. But Nathan kept his purpose steadily in view, in spite of the fact that bullets were whizzing around his ears in showers. He sat on his horse on the hill of Hougomont with perfect composure in the teeming rain the whole afternoon, looking upon that terrible struggle that was to decide the destiny of nations, until Blucher arrived and the French were put to route.

As soon as Nathan saw this he put spurs to his steed and made all possible haste to Brussels, where a carriage with swift horses was in waiting to carry him to Ostend. At day light next morning he arrived on the Belgian coast, where he found it exceedingly difficult to obtain a boat, the sea being very rough. At length he obtained a boatman as courageous as himself, who undertook the task for 2,500 francs, and landed him at Dover in the evening. He lost no time, but with relays of the swiftest horses pushed forward to London, and was on the Exchange next morning ready for business, long before the opening of the market. That was the morning of the 20th, only a day and two nights after the battle that decided the fate of nations. Nathan had performed a great feat. He acted his role well. Like the great hero whose political history had just closed, Nathan was "grand, gloomy and peculiar," in the financial sense of the phrase. He was an embodiment of the latest information from the Continent. In defiance of winds and waves he had, at the risk of his life, outstripped the swiftest couriers and the best special correspondents of that

day. The great operators flocked around him asking, "What is the news?" Nathan sighed heavily and seemed reluctant to tell. Eventually, this important piece of information was extorted from him, in strict confidence: "Blucher, at the head of his vast army of veterans, was defeated by Napoleon at Ligny, on the 16th and 17th (of June), and there can be no hope for Wellington with his comparatively small and undisciplined force." This statement was substantially true, and it forcibly reminds one of Tennyson's poetic remarks:

> "A lie which is all a lie
> May be met and fought with outright,
> But a lie which is half a truth,
> Is a harder matter to fight."

True, Blucher had been repulsed at Ligny. The Duke had an awkward squad, with the exception of the English, the Irish, and the Scotch Greys, to marshal in fighting order, but he "got there all the same." Nathan's secret point soon oozed out, and in less than an hour after the opening there was a perfect panic on the London Stock Exchange. Nathan had his brokers at work, first selling "short," and then, when the market reached bed rock, buying on the long side. He bought everything that he could raise, borrow or beg the money for—consols, notes and bills. When the news of Wellington's victory arrived, forty-eight hours after Nathan had begun to manipulate the market, and when he was "long" of everything that he had money or credit to purchase, securities went up with a boom. Nathan realized six million dollars, and it is said that a large number of the great operators flocked around him to congratulate him. It was lucky for Nathan that the scene of his operations was in London instead of Wall Street, otherwise Judge Lynch might have had something to say before the settlements had been made.

The career of Nathan Rothschild in England was remarkable, and his success from the very start phenomenal. He

began his speculations and money-lending operations in Manchester with $500, being the limited amount which he was permitted to draw from the family treasury on taking his departure from Frankfort to seek his fortune in Great Britain. In five years he had augmented the $500 to a million. He then removed to London. There he married a daughter of Levi Cohen, one of the wealthiest Hebrews of the great metropolis, well known by the pseudonym of Pound-Adoring Cohen. His father-in-law was afraid that Nathan would soon ruin himself, so reckless did he seem in his speculations, estimated by the conservative standard of old Cohen.

Nathan was very fortunate in his speculative ventures in the public funds, and managed to get himself introduced so as to do considerable business for the Government in its transactions on the Continent. His first introduction to the Government was through the Duke of Wellington, who during his peninsular campaigns had made drafts that the Treasury of Great Britain was dilatory in meeting. Nathan purchased these drafts at a large discount. He afterwards renewed them to the Government, and they were eventually redeemed at par. This was the means of bringing him into confidential relations with the ministry of Great Britain, and he was entirely trusted as their chief agent in all their financial matters on the Continent. This gave him immense advantage in speculating, and enabled him to give his brothers in the other great capitals of Europe a large amount of valuable and inside information, which put them in a position to speculate with success in the funds of their respective Governments. Nathan had made arrangements to get the very latest information from Frankfort, then the centre of European financiering, by well trained carrier pigeons. He had also several boats of his own by which to send personal messages across the channel in cases where these were requisite, and a boat always in readiness at a moment's notice in case his presence should be indispensable at the great money centre, and the central counting and clearing house of the family.

Nathan Rothschild was a strange and inconsistent compound of liberality, avariciousness, and penuriousness. He entertained his guests in a princely style, and often princes were mingled with those guests, but he was miserably mean with his clerks and employees generally. Unlike A. T. Stewart, who followed the very opposite rule, and had his place filled with bankrupt dry goods men as employees, the Rothschilds would never engage anybody who had been unfortunate in business. They had a superstitious feeling that misfortune is contagious, and they carefully avoided coming in contact with any of its victims. Nathan was even more precise than Wm. H. Vanderbilt in calculating the pennies in his lunch bill; but while Vanderbilt did this as a mere whim to illustrate his business precision and correctness, Rothschild really loved the pennies with ardent devotion. But Baron Nathan, even when he had accumulated $70,000,000 or $80,000,000, was not happy. He was tortured by the fear of enemies, who, he believed, intended to murder him. Like Vanderbilt, he received many threatening letters; but unlike the New York millionaire, who paid no attention to threats, but walked and drove out defiantly, Rothschild was still in mortal terror, and believed that the threats were intended to be executed. Nathan made one of his biggest piles out of the Almaden quicksilver mines in Spain. The Spanish Government wanted a loan, which he granted, receiving the mines as security for several years. He got up a "corner" in quicksilver, and raised the price 100 per cent. He realized almost $6,000,000 out of this transaction. It was as good for him as the Waterloo deal, only the returns did not come in so quickly. Nathan died in Frankfort, at the age of 59, in 1836. His last words were, "He is trying to kill me. Quick, quick, give me the gold." His death created a panic on the London Stock Exchange, and the Continental Bourses were greatly embarrassed by the event. The news was conveyed by a carrier pigeon, which was shot by a boy near Brighton. The message was briefly,

Il est mort—"He is dead." The interests of the house of Rothschild are now scattered over the globe, and it is probable that the aggregate wealth of all the branches of the firm, including the possessions of the various members of their families, exceeds $1,000,000,000.

W R Fraser

CHAPTER XXXIX.

TRAVERS.

THE UNIQUE CHARACTER OF TRAVERS—HIS VERSATILE ATTAINMENTS—ALTHOUGH OF A GENIAL AND HUMOROUS DISPOSITION, HE HAS ALWAYS BEEN A BEAR—HOW HE WAS THE MEANS OF PRESERVING THE COMMERCIAL SUPREMACY OF NEW YORK—HE SQUASHES THE ENGLISH BRAVADO, AND SAVES THE ORATORICAL HONOR OF OUR COUNTRY—HAS THE OYSTER BRAINS?—IT MUST HAVE BRAINS, FOR IT KNOWS ENOUGH TO SH-SH-SHUT UP—THE DOG AND THE RAT—I D-D-DON'T WANT TO BUY THE D-D-DOG; I WILL BUY THE R-R-RAT—TRAVERS ON THE ROYAL STAND AT THE DERBY—HOW HE WAS EUCHRED BY THE POOL-SELLER—MY PROXY IN A SPEECH AT THE UNION CLUB.—IF YOU ARE A S-S-SELF-MADE MAN, WH-WH-Y THE D-DEVIL DIDN'T YOU PUT MORE H HAIR ON THE TOP OF YOUR HEAD? OTHER WITICISMS, &C.

WM. R. TRAVERS is one of the most notable men of Wall Street in our time.

His success in speculation has usually been on the bear side, which is rather singular, as he is a man of such a genial disposition, with a kind nature, an inexhaustible supply of sparkling wit, and always brimful of humor.

He is also fond of athletic sports of every description, and, in fact, is a kind of universal genius, so various and versatile are his attainments. Owing to his immense variety of qualities, tastes and pursuits, he has one of the most remarkable records in Wall Street; and the most singular thing about him, probably, is, that while having all the attributes usually inherent in a bull, he has always been a bear in his transactions.

This genial, benevolent and high spirited man has never been knocksht to believe that there was any value in any property.

If he ever by chance happened to make any money on

the bull side of the market, it must have made him feel very uncomfortable—in fact, conscientiously miserable—as he could not realize that by any possibility it belonged to him.

It is due to Mr. Travers, however, that New York has been so highly classified in the catalogue of cities, in fact, as occupying the highest position in public estimation, and that it has attained full credit for being the largest in wealth and population of any city in the Union. This fact, now generally admitted, seemed to have been suspended in doubt until Mr. Travers came from Baltimore to reside in our midst.

It will be remembered by many Wall Street men that prior to the advent of Mr. Travers the rivalry among several of the seaboard cities on the Atlantic coast was very keen. Boston, Philadelphia and Baltimore were each in turn disposed to claim pre-eminence. Thanks to this Wall Street magnate, the matter is now no longer in dispute. It was finally decided in this way:

One day after Mr. Travers became one of ourselves, an old friend from Baltimore met him in Wall Street. As it had been a long time since they saw each other, they had a considerable number of topics to talk over. They had been familiar friends in the Monumental City, and were not therefore restrained by the usual social formalities.

"I notice, Travers," said the Baltimorean, "that you stutter a great deal more than when you were in Baltimore."

"W-h-y, y-e-s," replied Mr. Travers, darting a look of surprise at his friend; "of course I do. This is a d-d-damned sight b-b-bigger city."

That settled it. Since this famous interview, and this scientific explanation given by Mr. Travers to his old friend, no skeptic has had sufficient temerity to entertain any doubt regarding the financial and commercial supre[illegible]y of New York; its leading position as the great empo[illegible]m of the Continent has never since been questioned; and there are

few cities outside of Ohio that can claim such power in politics.

It is due to Mr. Travers, also, that this country still retains the palm for oratory and volubility in speech, and has successfully resisted the intrusive and pretentious claims of Great Britain in regard to that great and somewhat limited accomplishment.

The destiny of this nation in that respect hung in the balance at one time.

A sort of go-as-you-please oratorical contest was being arranged to decide the question of championship between Great Britain and ourselves, and a vaunting and loquacious Britisher had appeared in our midst to dispute the claim of the national cup in oratory as Rowell had done for the belt in pedestrianism.

This English bravado had letters of introduction from Lord Randolph Churchill, Sir Charles Dilke, Lord Salisbury, Mr. Gladstone, and other British declaimers to Mr. Travers and other American gentlemen. It was in the yachting season, and the voluble champion was invited to accompany a party, of which Mr. Travers was the leading spirit, down the bay in Mr. Travers' yacht. The orator had talked everybody within earshot of his voice almost deaf. When the party arrived at the dinner table it was hoped that he would cease for a short time; but when every other topic seemed exhausted, as well as the patience of his listeners, he started off with renewed fluency on the subject of oysters, which constituted the dish then at table.

"It is now a debatable point among scientists," he began, "as to whether or not the oyster has brains." Travers, who up to this time had endured the infliction of his loquacious guest, with the calmness of Job, said, "I think the oyster must have b-b-brains because it knows enough when to sh-sh-shut up."

By this satiric stroke the English orator was dumbfounded and almost paralyzed; his fluent tongue ceased to wag with

its usual volubility, and when requested to name his time for the international contest, he begged to be excused until cured of his cold. He took the next steamer for Liverpool, and has not been heard of since. Mr. Travers' incisive remark about the mental attributes of the oyster thoroughly squashed him, and saved the oratorical honor of our country.

Mr. Travers started in life in the grocery business in Baltimore, but disaster overtaking him there, he came to New York, and soon thereafter formed a co-partnership with Leonard W. Jerome, the firm being Travers & Jerome. Mr. Travers met with fair prosperity from the start, and soon accumulated wealth. The worst set-back probably that he ever received during his residence in this city was on one occasion on his way home after the business day was over. Being attracted by the display in the window of a bird fancier and dog dealer, from curiosity he was tempted to enter the place. One of the conspicuous objects that met his eye was a very large sized parrot. Mr. Travers inquired of the proprietor of the establishment who was in attendance "i-i-if th-th-th-that p p-parrot c-c-could t-t-talk?"

Its owner quickly replied, "If it couldn't talk better than you, I'd cut its damned head off."

Mr. Travers for a long time afterwards made up his mind some time or other to get even with this dealer in animals and birds, and succeeded most effectually. His coachman made a complaint to him that the stable was overrun with rats. Mr. Travers said, "Well, you m-m-must hunt for a r-r-rat dog." The coachman made it known that Mr. Travers wanted a dog, and all those engaged dealing in dogs overran Mr. Travers' house as ferociously as the rats had overrun the stable, to get him to buy a dog. Among the rest who responded was this identical man who kept the store where the parrot was. Mr. Travers recognized him at once, and told him, "I-i-if he w-w-would b-b-b-be d-d-down at the s-s-stable in the m-morning with t-th-the d-d-dog, he would g-g-give him a tr-tr-trial. and if he p-pr-proved to b-b-be a g-g-good r-rat c-c-catcher, would b-b-buy him."

Mr. Travers sent for his coachman and told him to catch three or four rats and put them in the bin, and he would be down in the morning to try the dog. So, good and early next morning Mr. Travers was on hand at the stable, and also the dog man and his terrier. Three rats having already been put into the bin, Mr. Travers ordered the dog put inside, as the man said he was ready for the fray, and the rats were so ferocious, and showed such determined fight, that they kept the dog at bay, and he took to the corner of the bin for protection. By and by the owner pushed him right on the rats, and after a pretty fierce tussel he did secure one of them and shook him until dead. This success encouraged a tussel with another, which, after a long fight, shared the same fate. The third rat, however, was determined to resist the dog, and did so nobly and fiercely, making a prolonged fight, which resulted in a draw, and it was hard to tell which was the worst hurt, the dog or the rat.

The owner of the dog then turned to Mr. Travers and said: "Now you see what a fine dog that is, won't you buy him?" Mr. Travers replied: "I d-d-don't w-w-want t-t-to b-b-buy the d-d-dog, b-b-but I'll b-b-b-buy the r-rat."

Mr. Travers, when he first saw the owner of this dog, remembered him in connection with the parrot. Since the rat fight, however, this same man has never ceased to remember Mr. Travers, so that honors remain easy between them. Mr. Travers has never been known to be at a loss for wit to meet an emergency, and it is recognized that it flows as freely from his lips and in as perfectly natural a way, as ordinary conversation does from most people.

Early in the Spring of last year, on the advice of his physician, Mr. Travers took his maiden trip to Europe, and would not have gone but for the urgency of the case, always regarding that this country was big enough for him without leaving its shores. When he reached England, however, he found, when his arrival was announced through the medium of the papers, that he was as well known amongst the nobil-

ity, sporting world and other distinguished people there as he was in his own country, owing to his connection with the turf and athletic sports, together with his widely published witticisms which had preceded him. He consequently was overpowered by attention and hospitality, and participated to as full an extent as his health would permit. He attended the Derby, and took an interest in a pool which resulted in his favor. As soon as he ascertained his good fortune, he went to bag his money, but found that the pool man had decamped with the funds. This was a sad disappointment. He could scarcely believe his eyes or the various statements which went to corroborate this man's disappearance, but it was evident that he was *non est*, as he was nowhere to be found about the stand or on the field. Travers made complaint to a policeman, who appeared perfectly indifferent to the charge. Mr. Travers said: "W-w-we d-don't d-d-do th-th-that way in m-my c-c-c-country. I b-b-belong to America." The policeman turned impertinently and said: "You had better go back to your own country, if that's the case." This was an indignity to which Mr. Travers did not feel inclined to submit, and he at once exhibited his badge, which admitted him to the royal stand. The policeman recognized it with affright, and almost fell on his knees in making profuse apologies and offers of service, showing the cringing spirit which prevails in England to royalty and nobility, by the people who occupy the position as servants to these high-born personages. Mr. Travers overlooked this official rudeness, and submitted to his loss as cheerfully as possible under the circumstances.

I met Mr. Travers on board the Newport boat immediately on his return, and he told me this story. I replied, "that I was surprised that a man of that character should have acted so villainously, as I had always supposed that such men were influenced by the recognized principle the world over, of honor among thieves." Mr. Travers instantly replied: "No one could have t-t-told him that I was a th-th-thief."

I rememember another instance, which was during the war period. I had written a series of letters on national financial matters, which were then before the country for discussion, and they were published in the New York *Times*. Mr. Travers was met on his way down town by a Wall Street friend on the morning that one of these letters appeared in the paper, who asked Mr. Travers if he had seen Mr. Clews' last letter. Mr. Travers said, "I h-h-hope so."

Shortly after this I was a guest at a dinner party at the Union Club, and was late in presenting myself. When I reached the entertainment (which was a sort of mutual admiration gathering), the speeches had commenced, and I no sooner had taken my seat than Mr. Lawrence Jerome proposed my health. While it was being drank, Mr. Travers, who sat immediately opposite, came over and whispered in my ear, "Clews, you d-d-don't w-want t-to speak so soon after c-c-oming in here, d-d-do you?" "No, I do not," I replied. "I'll t-t-tell th-th-them so, will I?" "Yes, I wish you would," I said. He went back to his place and said, "Gentlemen, I have talked with Mr. Clews, and he d-d-desires me t-to ask you t-to excuse him f-from making a speech on th-th-this occasion and i-if you w-will d-d-do so, he w-will w-write you a l-letter."

To show the rapid fluctuations that take place in Wall Street, and how even the best judges of the market are often mistaken in their prognostications, I will note an instance in connection with Mr. Travers. On his return from Europe, which was early in July, 1885, when the market on this side was weak, cables prior to his departure evidently indicated to him that much lower figures were in order. Just prior to the arrival of the steamer, in conversing with an associate member of the Exchange, he said, "B-b-barnes, I'll make a l-l-little b-b-bet with you; I'll b-b-bet you L l-lackawanna will b-b-be under six-ty when we r-reach New Y-York." Barnes was not willing to make the bet, how-

ever, but on their arrival, which was two days after, nothing surprised Mr. Travers so much as to find Lackawanna 110 instead of the figure 60 or less which he had predicted, especially as its advance did not cease there, but until it sold at 130.

It has been justly said, that if a man will wear a good looking hat, and good, well polished boots, the head and feet being the parts which first catch the eye of an observer, it matters very little what kind of material the coat, vest and trousers may be made of, if they are whole and kept clean. Though they may be threadbare the man will appear to be fairly dressed, and will look much younger than if he were careless regarding the covering of his extremities. If the latter are fairly adorned he can pass muster.

Knowing this fact, I had always been in the habit of posing before the public as a youth. In this I was materially assisted by having no hair on the top of my head, in the place where other people's hair usually grows. I had been this way for twenty years, just presenting about the same appearance as when I was born, and it has always been a matter of remark how youthful I looked.

I have often been asked what I did to keep myself looking so young. My truthful answer always has been that, "Virtue is its own reward." This theory invariably passed as sound in my case until it was knocked into a cocked hat by Travers. One unlucky day he removed the mask, and changed the current of public opinion against me on the much cherished subject of my perpetual bloom of youth.

It occurred in this way. Frank Leslie's *Illustrated Weekly* had published a number of pictures of the active business men of New York, who were known in the community as self-made men, and mine was among them.

A few days after the appearance of my picture in this paper, I happened, one afternoon, on my way uptown, to drop into the Union Club, and as usual, went into the main room. It was full of members, largely composed of a scattering of Wall Street bankers and brokers.

Travers was present, and when he is on hand on such occasions, it always means laughter for the multitude at some one's expense. In this instance it happened to be at mine.

As I entered the room, Travers said, in an audible voice: "Hallo, boys! here comes Clews, the self-made man." Then, addressing himself to me, he said: "I s-s-say, Cl-Cl-Clews, as you are a s-s-self-made man, wh-wh-why the d-d-devil didn't you p-put more h-h-hair on the top of your head?"

This story having gone the rounds, as it soon did, drew attention to my summer-appareled head, which before that time had enabled me to pass myself off as a youngster just striking out at the commencement of life. That stroke of Travers' wit, however, has been the cause of consigning me ever since to the ranks of the old "fogies." Now, everybody is convinced that my hair, now *non est*, had already come and gone, and that my head represents the work of ages.

This is another vivid instance illustrating the saying that "many a truth is spoken in jest."

When Travers thus removed my mask of adolescence, it made me feel unhappy for some time, as it really transformed my entire identity, and deprived me of that luxury so dear to all the fair sex, and to many of my own, of sailing under false colors in reference to my age.

Still, as Travers is such a righteous, good fellow, I have had to forgive him, notwithstanding the gravity of the offense in having hurt the most tender part of my sensitive nature. So we can make up and become friends again, as I value the renewal of his friendship even at the cost of such a great personal sacrifice as the deprivation of my supposed youthfulness.

On the principle that misery loves company, and as Mr. Travers had brought misery to my lot by drawing public attention to my bare head, I found consolation, shortly afterwards, in a huge joke that the same facetious individual perpetrated upon another member of the Club, who happened to be one of New York's most celebrated lawyers. This

gentleman, it is well known, has been connected with some of the largest and most remunerative railroad cases in our courts for many years, and being considered a great authority in that branch of legal lore, he was accustomed to exact his own terms from his wealthy clients, which meant, in most instances, a very fat fee. This gentleman was standing on the side of the street opposite the Club one afternoon, while Travers was surrounded by a cluster of club men on the other side. "Look across the way, boys," observed Travers, "th-th-there's B-B-Barlow with his hands in his own p-p-pockets at last."

On another occasion, when Travers, who resides at Newport in the summer, and is the possessor of a small sized yacht there, which he obtained some years ago in lieu of a debt, was taking a refreshing sail on his yacht in the bay one morning, it happened that a squadron of yachts appeared in his vicinity, and there was going to be a race. Travers having been made acquainted with the fact, invited a party of friends to go to see the race. As soon as it became known to the yachtsmen that the renowned Travers had appeared on the deck of his yacht, a committee was assigned to convey to him the respects of the members of the squadron. When they came alongside his craft he invited them on board, and saw at a glance that they nearly all happened to be bankers and brokers. Casting his eyes across the glittering water, he beheld a number of beautiful white-winged yachts in the distance, and finding, by inquiry, that they all belonged to Wall Street well known brokers, he appeared thereby to be thrown momentarily into a deep reverie, and, without turning his gaze from the handsome squadron, finally asked his distinguished visitors, "wh-wh-where are the cu-cu-customers' yachts?"

Comment would be entirely superfluous.

A. T. Stewart, the world renowned retail dry goods merchant, was elected, on one occasion, to preside at a meeting of citizens during the war period, Travers being amongst the

number present. When Mr. Stewart took his gold pencil case from his pocket and rapped with its head on the table for the meeting to come to order, Travers called out, in an audible tone, "C-cash!" which brought down the house, and no one laughed more heartily than Mr. Stewart, although it was a severe thrust at himself.

As it is sometimes said of a stranger who comes from a foreign country, Travers came to New York well recommended, bringing letters of introduction with him from the first families of Baltimore, and credentials which at once established his status and reputation. So it was not necessary for him to remain long on probation in New York. Coming here was not a new birth to him, although, in some measure, he may be said to have risen, Phœnix-like, from the ashes of his former self, as business misfortunes had overtaken him in Baltimore.

Travers had not only to start in a new place and in a new business when he came here, but he had to begin the ascent of his prosperous career at the very bottom of the financial ladder. Owing to his incomparable geniality he met with hosts of friends from the very start, and he prospered from the word "go."

Travers formed several partnerships at various times. After making considerable money in the one above alluded to with Mr. Jerome, the partnership was dissolved, and Travers then continued business alone as a Wall Street operator, and as I have formerly stated, usually acted on the bear side of the market, which was remarkable for a person of such a buoyant and hopeful disposition.

In his business operations Mr. Travers has always shown great sagacity, mingled with caution, and his prestige as a leader became so great that he soon attracted a numerous following of operators, who, with their eminent leader, formed a set widely known in speculative circles all over this country as the "Twenty-third Street Party." Of this party, Mr. Addison Cammack, the celebrated bear, was a prominent member, and a great admirer of Mr. Travers.

Mr. Travers was well-born and received a good education, with an excellent training for a business career. He married a daughter of the Hon. Reverdy Johnson, who was United States Minister to England during the administration of Andrew Johnson, and who was one of the most prominent members of the Bar.

Mr. Travers has always been famous for his attachment to out door sports and amusements, and on the principle that water finds its level, so did Mr. Travers in the sporting world. He soon became President of the Jerome Jockey Club, President of the Racquet Club, President of the Athletic Club, and was thoroughly identified as a leader in the large majority of manly and out-door sports, in which the youth of New York city and its suburbs were interested.

It is due both to Mr. Travers and his quondam partner, the renowned Leonard W. Jerome, to state that the efforts of these two men have been chiefly instrumental in elevating the social and moral tone of the race-course in this part of the country, and raising it to a standard of respectability, to which before their reformatory efforts it was partially a stranger. It was, in a great measure, through their exertions that the race-track became a fashionable resort, in the North, for ladies, as it had been in the South for many years, especially in Kentucky. The ladies of the present day can now talk horse at Jerome Park, Sheepshead Bay and Long Branch with a volubility that twenty years ago would have shocked their mothers, and would still cause their grandmothers to have epileptic fits. So the ladies of the present generation are greatly indebted to these two gentlemen for having removed the social stigma from the turf, in this section, thus enabling the fair sex to enjoy, in common with the lords of creation, and without compunction and loss of dignity, one of the greatest pleasures in the whole range of out-door recreations.

The breed of horses has been improved to an extent that

leaves the famous Arabian steed of yore, that outstripped the flight of the ostrich, far in the distance. This development in speed has been brought to its highest pitch in Harry Bassett, and Wm. H. Vanderbilt's fondly cherished Maud S., now the property of Mr. Robert Bonner. For this immense evolution in speed and staying powers the patrons of the turf are largely indebted to Jerome and Travers.

One of Travers' best *bon mots* was inspired by the sight of the Siamese Twins. After carefully examining the mysterious ligature that had bound them together from birth, he looked up blankly at them and said, "B-b-br-brothers, I presume."

Among Travers' contemporaries, Mr. Charles L. Frost was very well known a few years ago. His specialty was purchasing the junior securities of foreclosed railroads which were supposed to be wiped out, so far as any visible element of value was concerned.

Then, at a time when it was quite inconvenient for the reorganized companies, he would pounce down upon them with some sort of vexatious litigation, and would often levy on the bank balances of these corporations as a part of his proceedings and peculiar methods of management. He was enabled to take such action as they were foreign corporations. In this way he made it exceedingly difficult for these corporations to defend the various suits in law engineered by him, and rendered their existence exceedingly uncomfortable by placing their money in a tight place and cutting off the interest.

These peculiar methods of financiering identified Mr. Frost in a measure with Wall Street men, as a character whom most of the bankers and brokers who had any dealings with him have had good reason to remember feelingly. Frost had bushy, white curly hair, a beardless, full face, and a very red nose, which could only be acquired at considerable expense or as the result of chronic dyspepsia. There is no evidence, however, that he was a victim of this natural

malady, so his highly-colored proboscis must be accounted for in some other way.

Mr. Travers met this gentleman one morning by accident in a Fourth Avenue railroad car going down town. Although formerly acquainted, they had not met in years, and time, as indicated by his white locks, was beginning to tell upon Mr. Frost.

This attracted the attention of Mr. Travers, who cordially shook hands with the old gentleman, and after making a rapid survey of his person, said, "Wh-why, Mr. Frost, wh-wh-what beautiful white hair you have; what a su-su-superb blue n-n-necktie you wear; what a m-m-mag-magnificent red nose you have got. If I had s-s-seen you as I do now in w-w-war times, I should have taken you for a p-p-perfect p-p-patriot, red white and blue."

The Death of Travers.

The foregoing reminiscences of Travers were written and stereotyped while the great wit and financier was still alive. I have, therefore, not deemed it necessary to recast the matter, but consider it sufficient to add a few of the salient points in Mr. Travers' character and career, with more *bons mots* which the death of this popular man brought out. He died in Bermuda, March 19, 1887. He had gone there in the previous November, where he had a residence of his own, in the hope that the climate might restore him to health, but the malady, diabetes, had got too far ahead, and, in spite of the best medical skill, carried him over to the majority. His wit, like that of Tom Hood, did not forsake him even in his last hours.

While on his death-bed at Bermuda a friend called to see him, and said. "What a nice place Bermuda is for rest and change." Travers replied: "Y-y-yes, th-the waiters g-g-get th-th-the ch-change and th-the h-h-hotel k-k-keeper: th-the r-r-rest."

Among Travers' famous hits the following is one of the best: Jim Fisk's zenith of glory and grandeur was in the vicinity of its height when he secured the control of the Boston & Providence line of steamboats. He constituted himself Commodore, and was always on the deck as they departed each day, dressed in a Commodore's attire, and was evidently very much elated in being supreme in command in connection with these magnificent steamboats. Jay Gould was, financially, equally interested with him in the venture, and Commodore Fisk, in his usual splurgy manner, had a large likeness of both Gould and himself hung up at the head of the stairs leading to the large saloon cabin on each of these steamboats. Travers and others, who at that time were leading magnates of the street, were invited to inspect one of these large boats that had been newly fitted up, gilded, and put in magnificent shape, with a band of music on board, etc. Fisk met Travers as he went on board, and volunteered to escort him over the boat to show him its magnificence and superb appointments. As they went up the stairs and came to the first landing, he pointed out the likenesses of Fisk and Gould that were hung there, and asked Travers if he didn't think they were good. Travers replied: "I th-think th-th-they are v-v-very good, b-b-b-but t-to m-make th-th-them c-c-complete, th-there sh-sh-should b-b-be a p-p-picture of our S-S-S-Saviour in th-th-the m-middle."

The last time I saw Mr. Travers down town he called at my office. After he ran his eye over the stock quotations, I said: "The market is pretty stiff, Travers." He said: "Y-yes, it is th-the st-st-stiffness of d-d-death;" and, sure enough, in the course of two or three days afterwards, a big smash took place."

Mr. Travers once said to a friend: "C-come and see me in S-September. If y-you wish I will give you a p-point that will m-make m-money. He wished to do the man a

favor in return for a kindly office. Late in the month mentioned the friend dropped into Travers' office.

"C-come for that p-point?" asked Mr. Travers.

"Certainly," replied the friend.

"Well, y-you are the luckiest d-dog I know. I p-played that p-point two weeks ago myself and lost a pile of money. Y-you st-stick to m-me l-long enough and c-close enough, and I'll l-land y-you in the p-poorhouse, sure."

When "Plunger" Walton was in the height of his prosperity on the turf he met Travers at Saratoga.

"I have been anxious to see you for some time," said Walton. "I think we can do business together," he added. "I've got good judgment on horses and horse racing, and you have the same on stocks and stock speculation. I've made $350,000 on horse races in the last two years. Now, you give me points on stocks, and I'll give you points on races. Is it a go?

"Y-you've made three h-hundred and f-fifty th-thousand dollars on h-horse racing?" Travers repeated.

"Yes."

"And you want m-me to g-give you p-points on st-stocks?"

"In exchange for my points on horses. Yes."

"Well, I'll give you a f-first rate p-point. If you've made that much in two y-years, st-stick to your b-b-business. It is a f-first-rate p point."

One day, many years ago, Mr. Travers was standing on the curb of New street, opposite the Exchange, buying some stock from a gentleman whose aspect was unmistakably of the Hebrew stamp.

"Wh-wh-what is your name?" asked Travers.

"Jacobs," responded the seller.

"B-b-but wh-what is your Christian name?" reiterated Travers.

The Hebrew was non-plussed, and the crowd was convulsed with laughter.

The first time Mr. Travers attempted to find Montague street, in Brooklyn, he lost his way, although he was near the place. Meeting a man he said:

"I desire to r-reach M-montague st-street. W-will you b-be kik-kind enough to pup-point the way?"

"You-you are go-going the wrong w-way," was the stammering answer. "That is M-montague st-street there."

"Are y-you mimick-mimicking me, making fun of me-me?" asked Mr. Travers sharply.

"Nun-no, I assure you, sir," the other replied. "I-I am ba-badly af-flict-flicted with an imp-impediment in my speech."

"Why do-don't y-you g-get cured?" asked Travers, solemnly. "G-go to Doctor——, and y-you'll get c-cured. D-don't y-you see how well I talk? H-he cu-cured me."

The fortune left by Mr. Travers has been estimated at $3,000,000. He left three sons, William R. Travers, John Travers, and Reverdy Travers, and five daughters, four of whom are married. His only sister is Mrs. Prince, mother of the late John D. Prince, of Prince & Whitely.

Mr. Travers assisted a large number of young men to go into business, and helped to give the start in life to several of the most successful men in Wall Street.

He was charitable, and his secret beneficences are said to have been numerous. He enjoyed the wealth he had made in a way that should make the majority of millionaires blush with shame at their parsimony. He was a *bon vivant* of the first water. He maintained five domestic establishments on a first-class and luxurious scale, not like a Caligula, merely for his personal gratification or the pride of ostentation, but rather for the development of those social traits of character in which he had few equals, and no superior. The great social pride of his life was to make his friends feel happy. He had one of the best cellars in New York. His table at any of his residences was not only bountiful, but exhibited a menu equal to that at Del-

monico's. His favorite wine was Madeira, of which he was a perfect judge. He was very moderate, however, both in eating and drink, but would have the best of everything despite the cost.

He was a kind and indulgent father, but was pleased to see his boys manifest ample pluck like himself. Apropos of this characteristic, one of his boys came home one day with a big blackened eye.

"W-w-w-where d-d-did you g-g-g-get th-th-that?" inquired the father, anxiously.

"In a f-f-fight, sir," replied the son, who has a similar impediment in his speech.

"D-d-d-did y-y-you w- w-w-whip the other f-f-fellow?"

"Y-y-yes, sir."

"Q-q-q-quite r-r-right. H-h-h-here's a d-d-dollar f-f-for y-you. Always w-w-whip the other f-f-fellow."

Travers himself was courageous, tall, and sinewy, and in his younger days a great athlete. He was 68 years of age at the time of his death. He was a member of twenty-seven clubs, social, political, and athletic. He was a Democrat in politics. As to his religious belief, I expect if he had been questioned on that he would have given the same answer as another eminent man who cut a great figure in this country: "The world is my country; to do good is my religion." Travers might have added: "I also wish to be the means of creating and diffusing the greatest amount of social happiness and enjoyment of which humanity is capable."

I may conclude by saying of Travers, as an eminent author observed of his namesake the divine William, the Bard of Avon, "We ne'er shall see his like again."

CHAPTER XL.

CHARLES F. WOERISHOFFER.

THE CAREER OF CHARLES F. WOERISHOFFER, AND THE RESULTANT EFFECT UPON SUCCEEDING GENERATIONS.—THE PECULIAR POWER OF THE GREAT LEADER OF THE BEAR ELEMENT IN WALL STREET.—HIS METHODS AS COMPARED WITH THOSE OTHER WRECKERS OF VALUES.—A BISMARCK IDEA OF AGGRESSIVENESS THE RULING ELEMENT OF HIS BUSINESS LIFE.—HIS GRAND ATTACK ON THE VILLARD PROPERTIES, AND THE CONSEQUENCE THEREOF.—HIS BENEFACTIONS TO FAITHFUL FRIENDS.

BY the death of Charles F. Woerishoffer, Wall Street lost one of the most prominent figures which has ever shown up here. Mr. Woerishoffer died May 9, 1886. His career is one worthy of study by watchers of the course of speculation in this or any other country. The results of his life work show what can be accomplished by any man who sets himself at work upon an idea, and who devotes himself steadily and persistently to a course of action for the development and perfection of the principle which actuates his life. Mr. Woerishoffer possessed peculiar personal qualities which are denied to most men and to all women. He had the magnetic power of impressing people with confidence in the schemes which he inaugurated; that is to say, he had the power of organization—the same power has made other men great, and will continue to make men great who possess it in all walks of life. Notable instances may be cited in the cases of Bismarck, Gladstone, Napoleon, Grant, and—coming down to Wall Street proper—Gould, Daniel Drew, old Jacob Little and the Vanderbilts, especially the Commodore, in his superior power of aggressiveness.

It has been said of Mr. Woerishoffer that he was fortunate. He was indeed. He was fortunate in the possession

of natural ability, and he had the aptitude to take advantage of events, and associate circumstances and the strength of purpose, and to direct, instead of following, the operations with which he became connected. He was the leader of the bear element of the Street—at least he was such during the period which marks his successful operations here. There is no doubt that the death of Mr. Woerishoffer was hastened because of the great strain of mind growing out of his business transactions. There is one point in this connection which has been overlooked by his biographers, namely, that his boldness in the magnitude of his dealings was resultant from a careless or non-calculative mind. I do not believe that Mr. Woerishoffer ever undertook a speculation of any sort until he had carefully calculated all the chances *pro* and *con*, and his success, remarkable as it was, was largely due to the combination of calculation and the natural development of business conditions, of which he was a close student.

Mr. Woerishoffer's conception of business principles was iconoclastic to an intense degree. As a broker, as a business man, as an operator in stocks, he "believed in nothing;" that is to say, he was a believer in the failures of men, and had no faith in the corporations and enterprises which were organized for the purpose of the development of the best interests of the country in which he lived. There is another view, or another statement of this peculiar feature, of the character of this man which may be given in description, and this is illustrative of the careful study he made of everything passing along in the lines of life with which he was connected. It is this: That Mr. Woerishoffer, by his intimate study of the prospects and probabilities of the projected plans of enterprising Americans, had come to the conclusion that the majority of them must fail, and that the first flush of enterprise would be changed to a darker shade as time progressed. That is to say, he saw and knew a great deal of the organization of the rail-

road schemes which have marked the growth of our rapid development in a business way, and he judged that the inflated ideas of the projectors must meet with a check as developments were made, and that the earning capacity of the roads would not equal expectations. Hence he sold the stocks, and sold them right and left from the start, and with his followers reaped the profits. Woerishoffer never indulged in the *finesse* of Gould or Henry N. Smith. He had the German ideas of open fight, and he attacked everything indiscriminately, losing money sometimes, but making money at other times, and by his open dash and persistency carried his point.

There is no doubt that the successful career of a man of this sort has a deleterious effect upon those who follow him in succeeding generations. It does not matter how successful the development of the business industries of this country may be hereafter, there will always be found men who will speculate upon the ruination rather than the success of the best interests of the country merely because Charles F. Woerishoffer lived and made a fortune by his disbelief and his disregard of the growth of the institutions of the country which gave him a home.

Woerishoffer was a wonderful example of the sudden rise and steady and rapid progress of a man of strong and tenacious purpose, who adheres with firmness to one line of action or business. He was born in Germany. Woerishoffer's Wall Street career was begun in the office of August Rutten, afterwards of the firm of Rutten & Bond, in which Woerishoffer subsequently became Cashier He left this firm in 1867, and joined M. C. Klingenfeldt. Mr. Budge, of the firm of Budge, Schutze & Co., in 1868, bought him a seat in the Stock Exchange. Some time after he entered the Board he became acquainted with Mr. Plaat, of the well-known banking firm of L. Von Hoffman & Co. Mr. Woerishoffer was entrusted with the execution of large orders, especially in gold and Government bonds. At that time

the trading in these securities was very large. Afterwards Plaat became an operator himself, and Woerishoffer followed in his footsteps as an apt pupil. Eventually he formed the firm of Woerishoffer & Co., his first partners being Messrs. Schromberg and Schuyler, who made fortunes and retired.

Woerishoffer was connected in enormous operations with some of the magnates of the street; for instance, James R. Keene, Henry N. Smith, D. P. Morgan, Henry Villard, Charles J. Osborn, S. V. White, Addison Cammack, and last, though not least, Jay Gould. He was especially on intimate terms with his great brother bear, Addison Cammack, both speculatively and socially. Besides being a bold operator in the street, Woerishoffer was associated with large railroad schemes, which gave him the inside track in speculation. He was connected with the North River Construction Company, the Northern Pacific, Ontario & Western, West Shore, Denver & Rio Grande, Mexican National, several of the St. Louis Companies, and Oregon Transcontinental. He was originally a rampant bull on these properties until they began to get into trouble, and then he became a furious and unrelenting bear. He smashed and hammered them down right and left. He soon covered his losses, and began to make enormous profits on the short side of the market. On the bonds and stock of the Kansas Pacific, when it became merged in the Union Pacific, it is supposed that Woerishoffer cleared over a million dollars.

Woerishoffer, it seems, was one of the first to propose the building of the Denver & Rio Grande Railroad. On this enterprise he realized immense profits for himself and his friends. The stock rose until it reached 110, and was "puffed" up for higher figures. The public was attracted by the brilliant prospects of immense profits on the long side. Mr. Woerishoffer and friends held large quantities of long stock, but sold out, and afterwards put out a large line of shorts. The bear campaign had Woerishoffer as leader, and, it is said, he succeeded in

covering as far down as 40, and some even lower. In 1878, when the market began its great boom on account of the resumption of specie payment and the general prosperity of the country, he organized a combination which bought stocks largely and sold wheat short. On this deal he made large profits, and began to develope into a pretty strong millionaire. He took advantage of the shooting of President Garfield, in 1881, together with his colleagues, Cammack and Smith, to organize a bear raid on a large scale, which was probably one of the chief, although somewhat remote, causes of bringing about the panic of 1884.

The great perspicacity which he had in the deals enumerated failed him in 1885. He thought, as the wheat crop was small, that wheat would go up and stocks would go down, but the very reverse occurred. The disappointment and depression, very probably, resulting from this brought on the aneurism of the heart, which killed the great bear operator, and his death was a fortunate event for Wall Street.

One of the many things which gave Woerishoffer great reputation as a speculator, both here and in Germany and England, was the bold stand he took in the fight for the control of Kansas Pacific against Jay Gould, Russell Sage, and other capitalists, railroad magnates and financiers in 1879. He represented the Frankfort investors, and had engaged to sell a large quantity of Denver extension bonds at 80, to the Gould-Sage syndicate. The syndicate, however, knowing that they had the controlling influence, declared the contract for 80 off, and "came to the conclusion, after examining the road-bed, that the bonds were not worth more than 70," and they would not take them at a higher figure. Woerishoffer then made a grand flank movement on the little Napoleon of finance and his able lieutenants. He seemed to be greatly put out that they had broken their contract, but did not complain very bitterly. He immediately cabled to the English and German bondholders, and soon

secured a majority of the bonds which the syndicate wanted, and deposited them in the United States Trust Company. He then informed the syndicate that they could not obtain a single bond under par to carry out their great foreclosure scheme. It was this circumstance that caused Frankfort speculators and investors to come so largely into the New York stock market, and that also made English capital flow in freely, speculators throwing off their former timidity. The amount involved in the Gould-Sage syndicate deal was about $6,000,000 of bonds, thus netting Woerishoffer considerably over a million. This deal at once gave him an international reputation as a far-sighted speculator, and this reputation was gained at the expense of Gould and Sage, owing to their disregard of the contract which had been entered into.

Woerishoffer showed great sagacity as a speculator when Henry Villard put forward his immense bubble scheme in Northern Pacific and the Oregons. Although invited to go into the big deal with other millionaire speculators who had taken the Villard bait so freely, Woerishoffer kept prudently aloof, and looked on the players at the Villard checkerboard with equanimity and at a safe distance. He was not then considered of very much account by the men of ample means who so freely subscribed $20,000,000 to the Villard bubble. At the moment when these subscribers were so highly elated with the idea that the Villard fancies were going far up into the hundreds and, perhaps, the thousands, like the bonanzas during the California craze, Woerishoffer boldly sold the whole line "short." This was a similar stroke of daring to that which James R. Keene had perpetrated on the bonanza kings in the height of their greatest power and anticipations. The Villard syndicate determined to squeeze Woerishoffer out entirely, and for this purpose a syndicate was formed to buy 100,000 shares of stock. There were various millionaires and prominent financiers included in the syndicate. These were the financial powers with which Woerishoffer, small in

comparison, had to contend single-handed. The feat that Napoleon performed at Lodi, with his five generals behind him, spiking the Austrian guns which were defended by several regiments, was but a moderate effort in war compared with that which Woerishoffer was called upon to achieve in speculation. He took things very coolly, and with evident unconcern watched the actions of the syndicate. The latter went to work vigorously, and soon obtained 20,000 shares of the stock which they required. It still kept climbing rapidly, and so elated was this speculative syndicate with the success of its plans that it clamored for the additional 80,000 shares, according to the resolution. The speculators thought they were now in the fair way of crushing Woerishoffer, and with a hurrah obtained the 80,000 shares required, but Woerishoffer's brokers were the men who sold them to the big syndicate. It was not long afterwards that the syndicate felt as if it had been struck by lightning. In a short time the Villard fancies began to tumble. The syndicate was in a quandary, but nothing could be done. It had tried to crush Woerishoffer. He owed it no mercy. The inevitable laws of speculation had to take their course, and the great little bear netted millions of dollars. These events occurred in 1883.

After the Villard disruption, Mr. Woerishoffer became conservative for some time, and was a bull or a bear just as he saw the opportunity to make money. When the West Shore settlement took place he watched the course of events with a keen eye, and was one of the most prominent figures in pushing the upward movement upon the strength of that settlement. His profits on the bull side then were immense. After this he became a chronic and most destructive bear. The reason he assigned for his conversion and change of base was that the net earnings of the railroads were decreasing, and did not justify an advance in prices. He pushed his theory to an extreme, making little or no allowance for the recuperative powers of the country,

and the large bear contingent, which he successfully led, seemed to be inspired with his opinions. These opinions, pushed to the extreme, as they were, had a very demoralizing effect upon the stock market, and constituted a potent factor in the depreciation of all values, throwing a depressing influence on speculation, from which it did not recover until many months after Mr. Woerishoffer's death. The great bear had wonderful skill in putting other operators off the track of his operations by employing a large number of brokers, and by changing his brokers and his base of action so often that speculators were all at sea regarding what he was going to do, and waiting in anxiety for the next move. It was considered remarkable at the time that his death had not a greater influence on the stock market than this result proved. If he had died a week sooner, his death might have created a panic, for he was then short of 200,000 shares of stock. His short accounts had all been covered before the announcement of his death on the Stock Exchange.

Woerishoffer was almost as famous for his generosity as James R. Keene. It is said that he made presents to faithful brokers of over twenty seats, of the value of $25,000 each, in the Stock Exchange. He made a present of a $500 horse to the cabman who drove him daily to and from his office. He was exceedingly generous with his employes. A short time before his death, feeling that the strain from overmental exertion was beginning to tell on his constitution, he had resolved to visit Europe for the purpose of recuperating, but, like most of our great operators, he had stretched the mental cords too far before making this prudent resolve, and he died at the early age of 43. How many valuable lives would be prolonged if they would take needful rest in time! The death of Woerishoffer should be a solemn warning to Wall Street men who are anxious to heap up wealth too rapidly. His fortune has been variously estimated at from $1,000,000 to $4,000,000. He left a widow and two little daughters.

Woerishoffer had simply the genius for speculation which is uncontrollable, irrespective of consequences to others. He had no intention of hurting anybody, but his methods had the effect of bringing others to ruin all the same. He merely followed the bent of his genius by making money within the limits of the law, and did not care who suffered through his operations. All speculation on the bear side involves the same principle. If there is any difference among speculators, it only consists in degree. Large transactions, like those in which Woerishoffer was engaged, are more severely felt by those who have the misfortune to get "squeezed;" but it all resolves itself into a question of the survival of the fittest.

Woerishoffer's success in this country seems strange to Americans, but how much stranger it must have seemed to the people of his native town of Henau Hesse-Nassau, where he was born in 1843, in comparative poverty. John Jacob Astor was one of the first of a considerable number of Germans to find this country a veritable new El Dorado, where peasants' sons, as if my magic, became far wealthier than many of the nobility whom they had, as boys, gazed upon with awe. Who could have foreseen such a career for the poor young German, who came to New York in 1864? He was then in his twenty-first year. He had had some experience in the brokerage business in Frankfort and Paris, but he came here poor. Addison Cammack, who was to become his ally in many a gigantic speculation, was then prominent in the South, where he had favored the cause of the people of his State during the war, and had made a fortune. D. P. Morgan, who was to be another of his speculative associates, had already won a fortune by speculating in cotton in London. Russell Sage counted his wealth by the millions. Jay Gould and Henry N. Smith had gone through the feverish excitement of a Black Friday, and either, in common parlance, could have "bought or sold" the poor young German. Nevertheless, by strange turns in the wheel of fortune,

he acquired a financial prestige that enabled him to beard the lion in his den, and snap his fingers at powerful combinations that sought to ruin him. When Henry Villard demanded his resignation as a director in the Oregon Transcontinental Company, on the ground that he had been selling the Villard properties short, the "Baron" (as Woerishoffer was often called) tendered it at once, and flung down the gage of battle in the announcement that he would ruin the head of the Villard system.

Chas. F. Woerishoffer was slightly built, had a light complexion, was under the medium height, and, on the street, might have been taken for a bank clerk. He showed his inborn love of gaming in many ways. He is said to have broken a faro bank at Long Branch twice; he would play at roulette and poker for large stakes. He was kind-hearted and charitable. At Christmas his benefactions to clerks and messenger boys were notable. In the height of a great speculation he sometimes showed extreme nervousness, but during the memorable contest with the Villard party he exhibited the greatest coolness and composure. He was a curious compound of German phlegm and American nervousness. One of the fortunate events in his career was his marriage, in 1875, with Miss Annie Uhl, the step-daughter of Oswald Ottendorfer, the editor and proprietor of the great German organ of New York, the *Staats Zeitung*, who brought him, it was understood, a fortune of about three hundred thousand dollars.

The following circular to my customers, which I published May 13th, 1886, with special reference to the death of Woerishoffer, and its consequences, I think is worthy of reproduction here:

"The future of the market is going to be a natural one, and will go up and down from natural causes; when this is fully realized there will be no lack of the public taking a hand in it. That element has been crowded out of Wall Street for a long time past, largely due to the fact that its

judgment to predicate operations has been sat on by brute force. It has been, therefore, made to feel that the market was not one where it was safe to venture. This brute force power came from Woerishoffer, who has for a long time past been the head and front as a leader on the bear side, and was a gigantic wrecker of values. His method was to destroy confidence and hammer the vitality out of every stock on the list which showed symptoms of life, and his power was the more potential, as all the room traders were converted to believe in him and were his followers. His decease leaves, therefore, the entire bear fraternity without any head, and consequently in a state of demoralization, and in a condition not unlike a ship at sea without a rudder. Mr. Woerishoffer was a genial, hospitable man, lovely in character at his own home, true to his friends and generous to a fault, and will, therefore, be a great loss as a gentleman ; but so far as the prosperity of the country goes, his death will be the country's gain. To the fact that Mr. Woerishoffer's power and influence are no longer felt on the market is almost entirely due the change of front of the situation, which is now one of hopefulness. While he lived the public and half the members of the Board were completely terrorized by the fear of him, and were kept in check from being buyers, however much the position of affairs warranted going on the long side. The bull side of the market has had for a long time past to contend with the bold and ferocious attitude of Mr. Woerishoffer. When the bulls felt justified in making a rally and forcing the market to go their way, when it looked most encouraging, as a result of their efforts, Mr. Woerishoffer would strike their specialty a sledge hammer blow on the head ; he would repeat that on every attempt that was made, which finally resulted in discouragement. If ten thousand shares were not ample for that purpose, he would quadruple the quantity ; in fact, he has often been known to have outstanding contracts on the short side of the market amounting to 200,000 shares of stock at least. As an opera-

tor he seemed to be so peculiarly constituted as to know no fear, and would often turn apparent defeat to success by possessing that trait of character. It will be a long time before another such determined and desperate man will appear on the stage to take his place; in the meantime, it will be plainer sailing in Wall Street, besides safer for operators. Mr. Woerishoffer, as an operator, was full of expedients. He put his whole soul into his operations, and not only would he attack the stock market with voraciousness, but he would manipulate every quarter where it would aid him; sometimes it would be in the grain market, sometimes by shipping gold, and sometimes by the manipulation of the London market. He had all the facilities for operation at his fingers' ends, in fact he commanded the situation to such an extent as to make his power felt. Mr. Cammack, Mr. Woerishoffer's associate, while usually a bear, is a very different man and not to be feared, for that gentleman usually sells stocks short only on reliable information, and always to a limited extent. If he finds that the market does not go down by the weight of sales, he soon extricates himself at the first loss. In this method of doing business lies his safety. In this way he will sell often 10, 20 or 30 thousand shares of stock and make the turn, but will not, like his late friend Woerishoffer, take a position and stand by it through thick and thin, and browbeat the market indefinitely until it finally goes his way. At the present time, therefore, the bulls have no great power to fear whenever they have merit upon which to predicate their operations. The future will be brighter for Wall Street speculators and investors than it has been for a long period, and with the public who may be expected to come again to the front, greatly increased activity should be the result."

CHAPTER XLI.

WOMEN AS SPECULATORS

WALL STREET NO PLACE FOR WOMEN.—THEY LACK THE MENTAL EQUIPMENT.—FALSE DEFENSES OF FEMININE FINANCIERS.—THE CLAFLIN SISTERS AND COMMODORE VANDERBILT.—FORTUNE AND REPUTATION ALIKE ENDANGERED.

AS speculators, women hitherto have been utter failures. They do not thrive in the atmosphere of Wall Street, for they do not seem to have the mental qualities required to take in the varied points of the situation upon which success in speculation depends. They are, by nature, parasites as speculators, and, when thrown upon their own resources, are comparatively helpless. Although they are able, through craft and subtlety, to rule the male sex to a large extent, yet, when obliged to go alone, they are like a ship at sea in a heavy gale without compass, anchor or rudder. They have no ballast apart from men, and are liable to perish when adversity arises. When some of our strong-minded woman's-righters read this—and I hope for this honor from them—I can imagine certain of them launching epithets of scorn against my head, and even charging me with dense ignorance regarding the history of the great women of the world, and the wonderful achievements of some of them. They will, no doubt, cite Joan of Arc against me; Queen Elizabeth, Catharine of Russia, the unfortunate and beautiful Mary, Queen of Scots, *et al.* Women, in general, rarely summon beautiful women in their own cause, but in this case they will probably do so; for it is a trick of the sex to bring feminine beauty to play as a trump card when man is the game.

The wife of John Stuart Mill, Mrs. Elizabeth Cady Stanton, Julia Ward Howe, and a host of other great

female reformers and revolutionists will, without doubt, be quoted against my theory. Several of the strong-minded novelists and their chief works will be cited to show how unfounded is my charge. Ouida, George Elliot, and George Sand will probably be arrayed in judgment against me. The one answer to all this must be that such women are the exceptional cases, which prove the rule and sustain my theory. Besides, these fair ones, with the exception of Ouida, and, to some extent, Elizabeth Cady Stanton, and possibly, George Sand, have never tried their hands at speculation. They have excelled in their particular lines, but when all their secret history is known, it will be found that men were the source of their inspiration. I am aware that the opposite theory is held, through false gallantry; but the chivalrous knights who credit the fair sex with more speculative brains than they possess are in a petty minority, and will always remain so as long as men have manhood enough to decide according to their judgment instead of their emotions.

Fact is the best test on this question, and I will recite a few facts in the history of some of the female speculators of Wall Street, quite aware that I touch a very delicate subject. The namby-pambyism and the pseudo "gallantry" now so prevalent, are generally opposed to any fair statement in regard to woman's real financial capacity, and, worse than all, woman's true interests and functions are greatly aspersed and prejudiced by these false sentiments. When carried away, as she so often is, by the insidious flatteries of man and the showy frivolities of fashion, a woman is rendered temporarily blind to these important facts; but, in the exceptional instances, where she reasons calmly and reflects prudently, she pays the greatest respect to those of our sex who dispense plain advice and blunt opinions. Dudes and designing flatterers may revel for a time in their conquests, but the opinions of men of judgment, honesty and virtue will eventually triumph with those of the other sex who are most discerning.

Let me, then, illustrate my estimate of women as speculators by a few of the more prominent examples I have known in Wall Street, who have essayed to make a fortune after the manner of men. I shall take up the present Lady Cooke and her sister, now Mrs. Martin. Lady Cooke has now a virtual "castle in Spain," or rather in Portugal, besides one of the most elegant mansions in London. My knowledge of the history of those sisters and their financial relations and business connections with the late Commodore Vanderbilt, go to illustrate the fact very clearly that the cleverest women cannot be successful in Wall Street; and if this is so, where will the ordinary female be found when she essays the role of an operator?

The notorious firm of Woodhull, Claflin & Co., in their peculiar combination, included Commodore Vanderbilt. I shall say something about their methods of operation before touching upon the history and biography of the two sisters, which is remarkable in the extreme. Very soon after the Commodore had aided to set these two women up as brokers, in Broad Street, the firm was known all over the land. The present titled Lady Cooke was then plain Tennie C. Claflin, and she was plain in every sense of the word, excepting in face, which certainly was quite pretty. She had, however, less personal magnetism than her celebrated sister, Victoria C. Woodhull, but doubtless made more impression on a well-known journalist of this city and upon the Commodore than any one else, until she met Sir Francis Cooke. Tennie was rather phlegmatic in temperament, and could therefore exercise but little influence over the ordinary man, but she was cool and calculating, and had evidently more brain than she seemed to possess. She could wear a winning smile, but it was manifestly put on for the occasion.

I recollect her calling at my office one afternoon. After the usual interchange of civilities, she told me she wished to deposit a check for $7,000. The check was signed by the wealthiest man in Wall Street, and was promptly accepted

by my cashier, and duly credited. A few days after this event, Miss Tennie drove up to my office in a cab. She wore a look of enthusiasm and pleasant surprise. In her countenance one could read at a glance that she had a heavy thought to divulge. So she said she had a "point." I don't care for "points" as a rule, but I was bound by all the laws of chivalry and business courtesy to give the lady a respectful hearing, and I did. The point had emanated from a very high source, and for that reason, also, was entitled to respectful consideration. The charming Tennie wanted to buy 1,000 shares of New York Central. Though always on the alert for business, I was not then at all anxious to execute the lady's order. I received Miss Claflin with all due respect, and without giving her any intimation that I perceived, by my peculiar inspiration, "the gentleman in the fence," I tapped my little bell, to which my office messenger responded. "Tell the cashier," I said, "to make out Miss Tennie Claflin's account." This was simply the work of a few minutes, and Miss Tennie was instantly furnished with a check, including interest for the time of deposit. Miss Claflin bowed herself out, and I heaved a sigh of relief, and thought that everything was over so far as that check was concerned. But I was slightly mistaken.

Tennie went to the Fourth National Bank immediately, and presented the check. She returned to my office in a few minutes afterwards. P. C. Calhoun was then President of the Fourth National. When Tennie returned, she said, "Mr. Clews, the bank wishes to have me identified." I called a boy and told him to accompany Miss Claflin to the bank, and identify her as being entitled to the amount of the check. This sealed her credit for that amount at the bank, owing to which I obtained the rather doubtful distinction of having been made the medium of largely aiding to establish the firm of Woodhull & Claflin in Broad street. Myself and the Fourth National Bank were said to have been the "sponsors" for this consummation. As soon as I ascertained how my name

was being connected with those ladies, I had a private interview with the President of the Fourth National, which prevented Tennie from using my name to a great extent thereafter. I have never attempted to take any credit to myself for this affair, but there is one thing evident, and that is, that I did not get euchred in the matter. The Commodore was then regarded as the power behind the throne, or behind the fair sex. If the sisters had any scheme in the background (and I have reason to believe they had,) I did not get caught in it.

Far be it from my purpose to insinuate that these celebrated "sisters" are a sample of all the women who intrude into speculative circles. These facts, however, show by what sort of methods two of the most notorious female speculators of these times gained their success. It would be an aspersion on womanhood to suppose that many women would be found willing to resort to like methods; but it is safe to say that, as a rule, women can have little other hope of success than by using their blandishments to win the attentions and the services of the other sex. There are doubtless exceptions to this rule, as in the case of Mrs. Green, whose unaided sagacity has placed her among the most successful of our millionaire speculators. She is, however, made up of a powerful masculine brain in an otherwise female constitution, and is one among a million of her sex.

If women are fortunate enough to escape being fleeced when they enter Wall Street, it can only be from extraordinary luck, or from the protecting counsel of their brokers, or from compassionate indulgence shown to them when swamped by their losses. My own experience shows that when they lose their money—as they usually do—they are by no means sparing in their pleas for consideration; and this fact shows that women who aspire to this path to fortune are not usually endowed with the self-respect, the modesty and the independence of masculine favors which characterize all high-minded women. In truth, this is so

well understood among the habitués of Wall Street, that while a woman who frequents brokers' offices is not likely to find any lack of attentions, yet she is sure to lose cast among those who bestow such gallantries. In a word, Wall Street is not the place for a lady to find either fortune or character.

The explanation given by Mrs. Victoria Woodhull Martin, the wife of the eminent London banker, Sir John B. Martin, is somewhat different from the statement herein made by me in reference to the establishment of the brokerage firm, run ostensibly by the famous sisters; and as this celebrated lady shows in some of her recent utterances that she has done so much for humanity, truth, and financial reform, her statement is entitled to fair presentation. I shall, therefore, give it in full. It is as follows:

"The first move my sister and I made in this direction was to establish a banking and brokerage office in Broad street. This step we were induced to take with the view of proving that woman, no less than man, can qualify herself for the more onerous occupations of life. So startling was this innovation that the whole city of New York was aroused, and when we entered the precincts of Wall and Broad streets they were blocked with crowds of people until the novelty wore away. But to-day women can establish themselves in any business, enter any avenue of life that they are qualified through education to fill, either political, financial, scientific, medical or mechanical, so great is the advance. At that time, as some of the New York papers said, everything, to the external view, was at the height of prosperity. But we exposed, in our *Weekly*, one nefarious scheme after another when we realized that companies were floated to work mines that did not exist, or that, if they did exist, had nothing in them, and to make railways to nowhere in particular, and that banks and insurance societies flourished by devouring their shareholders' capital. The papers of 1872 said that in one year we had exposed and destroyed nearly every fraudu-

lent scheme that was then in operation—railroad swindles and the banking houses which were palming them off on the public. Life insurance companies were reduced from forty to nineteen for the whole country; the Great Southern bonds and the Mexican Claim bubbles collapsed. More than one tried to buy our silence, and when their money was refused they turned and charged us with levying blackmail, and, losing in their rage and fear all sense of honor, said that we were immoral women or we would not have commenced such an undertaking. Other papers took up the warfare. It brought about a great revolution in financial matters, but it made us many bitter enemies, for we were the first to put ourselves into the breach."

I shall make no attempt to contradict the bold statement of the lady, but simply quote it for what it is worth, leaving the inference to the reader, as the novelistic phrase goes, but I do hold that the very result of the experiment to which she alludes is one of the strongest and most cogent arguments in favor of my theory, that women are not qualified by nature for the speculative and financial operations in which so many men have made their mark. Even the few apparent exceptions to the rule have been sad failures compared with the achievements of the male sex in this department of human enterprise. "Jennie June," the able and accomplished wife of Mr. Croly, the well-known journalist, has essayed the speculative role, but she has not been very successful. When women such as these have failed what can the ordinary female expect? Well, I think they had better abide by the advice of St. Paul in regard to women speaking in the church. Let them say or do nothing in the peculiar line for the pursuit of which they are evidently disqualified, but if they want to know anything, "ask their husbands at home." Those who have not yet obtained husbands may ask their fathers, brothers or lovers, and if they do so they will often be saved a world of trouble.

There has recently been a curious craze in the ranks of young ladies as well as among married women for specula-

tion, many of them thinking they could make a fortune in a few days, weeks or months, and it is nearly time that this speculative mania should be checked or stopped. Maidens of uncertain age have probably been foremost in leading this movement, and through their influence many estimable ladies have been induced to bring financial trouble upon their husbands and families. Many of the woman's righters think that it would be a glorious thing to follow in the footsteps of Victoria Woodhull-Martin, whom they imagine to have been a success in that line of business; whereas she was a sad failure. Women as brokers have singularly failed in every known instance of experience. Victoria C. has been much more successful as an investor than a speculator, and the best investment of her life was that of Banker Martin. There she made a decided hit. Perhaps, her Wall Street experience may have assisted her, in a great measure, to accomplish this feat. Compared with her two former marriages, however, her happy union with the London banker is a decided success. It is probably only in the matrimonial line that women can become successful speculators.

Now, I shall attempt to give some reasons, with all due respect to the fair sex—and without trying to lower them in the estimation of men—why those dear creatures, so necessary to our happiness in many other respects, are not by nature, nor even by the best possible education, qualified to become speculators. Women are too impulsive and impressionable. Although they often arrive at correct conclusions in the ordinary affairs of life with amazing rapidity, they don't reason in the way that is indispensable to a successful speculator. They jump to a conclusion by a kind of instinct, or it may be a sort of inspiration, on a single subject or part of a subject, but they are entirely unable to take that broad view of the whole question and situation which the speculator has to seize at a glance, in the way that Jacob Little, the elder Vanderbilt, or Daniel Drew could have done, as I have

described in other chapters. Gould possesses many of these qualities, though he has never been a speculator like the others, in the ordinary and true sense of the term, but, as I have clearly shown in another place, made his great fortune by putting two or more wrecked railroads together and making others believe they were good, and selling out on them afterwards, and not by legitimate speculation or investment.

Women who have hitherto engaged in speculation have not yet shown that they are capable of generalizing the causes which affect the market as these kings of finance have done, nor have they illustrated that they are possessed of the ability to foresee financial events in the same way. Some people may think that Mrs. Hettie Green may be an exception to the rule, but, without attempting to detract from the abilities of this eminent and wealthy lady, I hardly think she has the mental power of any of the great operators whom I have named, and though it must be admitted that she has done some fine work in manipulating Louisville & Nashville, I am of the opinion that she would fall very far short of leading a bear attack on the market like any of those for which the late Charles F. Woerishoffer was famous, and in organizing a "blind pool" she would stand no show against Gould, Major Selover, Victor Newcomb or James R. Keene.

Lady Francis Cook, formerly Tennie C. Claflin, or "Tennessee," as she was baptized, though she had not the intellectual ability of her sister Victoria, appeared to exercise more influence over Commodore Vanderbilt on account of her greater capacity as a spiritualistic medium. In his latter days, as is well known, the Commodore was an implicit believer in Spiritualism, and considered it expedient to consult mediums in the same way that the ancient Greeks and Romans went to their oracles, before engaging in any great enterprise. It is not generally known that the fallacy of Tennie's mediumistic powers was

exposed by the Christian Brothers, and her usefulness to the Commodore considerably impaired thereby in his estimation. This came about through the influence of Mrs. Claflin, the mother of the celebrated sisters. Her superstition ran so high that she imagined her daughters were possessed of evil spirits through the power of Colonel Blood, Victoria's second husband. The holy men received due credit for exorcising the spirits, thus freeing the sisters from this mysterious thraldom, and Victoria from Blood. Her great prosperity and that of her sister began from this date, and at the beginning of the celebrated case on the part of "young Corneel" to break the Commodore's will the sisters suddenly took a trip to England, lest they might be called as witnesses. It was a lucky day for them, and their speculative career is probably now closed. This is the kind of speculation for which women are best fitted. The introduction to this great "deal" came through Wall Street indirectly, but it does not prove by any means that women can be successful operators in speculative transactions and financial investments. It simply shows that they are excellent in adventures where their emotional feelings are brought to bear upon the weaker characteristics of men.

CHAPTER XLII.

WESTERN MILLIONAIRES IN NEW YORK.

EASTWARD THE STAR OF WEALTH AND THE TIDE OF BEAUTY TAKE THEIR COURSE.—INFLUENCE OF THE FAIR SEX ON THIS TENDENCY, AND WHY.—NEW YORK THE GREAT MAGNET OF THE COUNTRY.—SWINGING INTO THE TIDE OF FASHION.—COLLIS P. HUNTINGTON.—HIS CAREER FROM PENURY TO THE POSSESSOR OF THIRTY MILLIONS. —LELAND STANFORD.—FIRST A LAWYER IN ALBANY, AND AFTERWARD A SPECULATOR ON THE PACIFIC COAST. —HAS ROLLED UP NEARLY FORTY MILLIONS.—D. O. MILLS—AN ASTUTE AND BOLD FINANCIER.—COURAGE AND CAUTION COMBINED—HIS RAPID RISE IN CALIFORNIA.—HE MAKES A FORTUNE BY INVESTING IN LAKE SHORE STOCK.—PRINCES OF THE PACIFIC SLOPE. —MACKAY, FLOOD AND FAIR.—THEIR RISE AND PROGRESS. WILLIAM SHARON.—A BRIEF ACCOUNT OF HIS GREAT SUCCESS.—WM. C. RALSTON AND HIS DARING SPECULATIONS.—BEGINS A POOR NEW YORK BOY, AND MAKES A FORTUNE IN CALIFORNIA.—JOHN P. JONES.— HIS EVENTFUL CAREER AND POLITICAL PROGRESS.— "LUCKY" BALDWIN.—HIS BUSINESS ABILITY AND ADVANCEMENT.—LUCKY SPECULATIONS.—AMASSES TEN OR FIFTEEN MILLIONS.—WILLIAM A. STEWART.—DISCOVERS THE EUREKA PLACER DIGGINS.—HIS SUCCESS AS A LAWYER AND IN MINING ENTERPRISES.—JAMES LICK.— ONE OF THE MOST ECCENTRIC OF THE CALIFORNIA MAGNATES.—REAL ESTATE SPECULATIONS.—HIS BEQUEST TO THE AUTHOR OF THE "STAR SPANGLED BANNER."—JOHN W. SHAW, SPECULATOR AND LAWYER.

NOT a few Western men of wealth have in recent years taken up their abode in New York. This is partly, and doubtless largely, due to the influence of ladies. The ladies of the West of sourse have heard of Saratoga, the far-famed spa of America, and as the fortunes of their husbands mount higher and higher into the millions, they become more and more anxious to see this great summer resort of

wealth and fashion. Their influence prevails, and at the height of the gay season they may be seen at the United States or the Grand Union. They are in practically a new world. There is the rustle and perfume, the glitter and show, the pomp and circumstance of the more advanced civilization of the East, and the ladies, with innate keenness, are quick to perceive a marked difference between this gorgeous panorama and the more prosaic surroundings to which they have been accustomed. As people of wealth and social position, they are naturally presented to some of the society leaders of New York, whom they meet at Saratoga, and who extend an invitation to visit them in their splendid mansions in the metropolis. In New York the Western ladies go to the great emporiums of dry goods and fancy articles of all sorts, to the famous jewelry stores, and other retail establishments patronized by the wealthy. They form a taste for all the elegancies of metropolitan life, and this is revealed in a hundred little ways.

They have been accustomed, for instance, to wearing two buttoned gloves, but now, in emulation of their New York sisters, they must have them up nearly to the shoulder. Their dresses of Western make do not bear comparison with the superb toilettes of New York ladies, and so they seek out the most fashionable modistes in the city, and the change in their appearance is as marked as it is favorable. The innate refinement and love of elegance which is so striking a characteristic in most American women is exemplified, perhaps, in no respect more strikingly than in their taste in dress, and the Western ladies soon require the finest French silks for their dresses. They must have the most expensive real lace; their toilettes must be numerous, rich, and varied, and the refinements of other articles of dress or ornament to which American women have attained may well astonish and even awe the masculine mind.

In a word, people of wealth are apt to be drawn to New York because it is the great magnet of the country, whose

attractive power is well nigh irresistible. What London is to Great Britain, what Paris is to the Continent, what Rome was in its imperial day to the Empire, what proud old Nineveh was to Assyria, the winged lion of the Orient; what Tyre was to old Syria, whose commercial splendor aroused the eloquence of the Hebrew prophet—New York is to the immense domain of the American Republic, a natural stage, set with innumerable villages, towns, and populous cities, with mighty rivers and vast stretches of table-lands and prairies, and far-reaching harvest fields and forests, for the great drama of civilization on this Continent. New York has now a population of approximately 1,500,000. By the close of the present century it will certainly reach 2,000,000, and the next century will see it increase to perhaps ten times that number. The great metropolis attracts by its restless activity, it feverish enterprise, and the opportunities which it affords to men of ability, but in the connection which I am now considering more particularly it attracts as an enormous lode-stone by its imperial wealth, its Parisian, indeed almost Sybaritic luxury, and its social splendor.

New York city has more wealth than thirteen of the States and Territories combined. It is really the great social centre of the Republic, and its position as such is becoming more and more assured. It will yet outshine London and Paris. Go where we may throughout the country, see what cities we may, there is always something lacking which New York readily affords. There is emphatically no place like New York. Here are some of the finest stores in the world, and mansions of which a Doge of Venice or a Lorenzo de Medici might have been proud. Here are the most beautiful ladies in the world, as well as the most refined and cultivated; here are the finest theatres and art galleries, and the true home of opera is in this country; here is the glitter of peerless fashion, the ceaseless roll of splendid equipages, and the Bois de Boulonge of America, the Central Park; here there is a constant round of brilliant banquets, after-

noon teas and receptions, the germans of the elite, the grand balls, with their more formal pomp and splendid circumstance; glowing pictures of beautiful women and brave men threading the mazes of the dance; scenes of revelry by night in an atmosphere loaded with the perfume of rare exotics, to the swell of sensuous music. It does not take much of this new kind of life to make enthusiastic New Yorkers of the wives of Western millionaires, and then nothing remains but to purchase a brown stone mansion, and swing into the tide of fashion with receptions, balls, and kettle-drums, elegant equipages with coachmen in bright-buttoned livery, footmen in top boots, maid-servants and man-servants, including a butler and all the other adjuncts of fashionable life in the great metropolis. It is of interest to glance at the career, by the way, of some of the more famous financial powers of the West, who have either settled of recent years in New York or who are frequently seen here.

Collis P. Huntington.

One of the financiers who may be seen daily entering the palatial Mills Building in Broad street, New York, is a tall, well-built man, with a full beard tinged with gray, a square, resolute jaw, and keen bluish-gray eyes. Though now in his 66th year, his step is light and quick, betokening good habits in his youth and due care of himself in his later years. He is one of the best known of American financial chieftains. It is Collis P. Huntington. He is a born leader of men. As a boy of 15 he came to New York, with scarcely a penny. Now he is worth thirty million dollars. He was born October 22d, 1821, at Harwinton, in Litchfield county, Connecticut. He numbers among his ancestors Samuel Huntington, one of the signers of the Declaration of Independence, who was also President of the Continental Congress and Governor and Chief Justice of Connecticut; and also Bishop F. D. Huntington and the artist Daniel Huntington. C. P. Huntington's father was a farmer and small

C. P. Huntington

manufacturer. In his fourteenth year Huntington left school and asked his father to give him his time on condition that he should support himself. He came to New York in the following year, 1836, and bought a small bill of goods, a neighbor of his father's becoming his surety. At that early age he showed the same shrewdness in business, the same energy and resolution in carrying through his projects as he did in later life. At twenty-three he settled at Oneonta, Otsego county, New York, as a general merchant. In 1844 he married a Connecticut girl, who proved a valuable helpmeet in days when it was never supposed he would ever attain any particular financial distinction. In March, 1849, he sailed for San Francisco, going by way of the Isthmus, and following a consignment of goods which he had made in the previous year. He was now in his 28th year, and a future full of marvellous success awaited him. This was not immediately apparent, however. Business success is not usually attained without long and persistent efforts, and in spite of repeated discouragements. He found San Francisco at that time a resort merely for the idle and the reckless. It did not prove at this particular juncture a satisfactory field for his business; his funds ran low, and he determined to go to Sacramento. He earned his passage money thither on a schooner, by helping to load her for a dollar an hour. In Sacramento he started in business, after a time, with a small tent as a store, and a limited supply of general merchandise as his stock in trade; he worked hard; he labored early and late. Here he met Mark Hopkins, and they formed a business copartnership, which proved so successful that by 1856 the firm was known as one of the wealthiest on the Pacific slope. California, however, was isolated. It was a long trip over the plains by wagon trains to the nearest point of commercial importance east of the Rocky Mountains, and the ocean voyage by way of the Isthmus of Panama was long and slow. A railroad to the East was imperatively needed, in order to develop the enormous re-

sources of the broad territory lying west of that natural barrier known as the Rocky Mountains. But how to bring it about was the question. Few were daring enough to seriously grapple with the problem. It was in the store of Huntington & Hopkins that the project was first considered with a resolute purpose to push it through. The Civil War, however, broke out just then, and the first gun fired on Fort Sumter seemed like the knell of this great project. Collis P. Huntington was undaunted. "I will," he says, "be one of the eight or ten, if Hopkins agrees, to bear the expense of a careful and thorough survey. The result was that seven gentlemen agreed to defray the expense of such a survey. Two subsequently ceased to give their aid. The remaining five organized the Central Pacific Railroad Company. Mr. Huntington at once went to Washington to secure Government aid in constructing the first trans-continental railway. He was successful. When the Pacific Railroad bill was passed he telegraphed to his partners with characteristic humor and terseness: "We have drawn the elephant." He at once came to New York to form a syndicate to take the bonds. Many at such a time would have gone to speculators begging for aid and pledging his bonds for railroad material with which to commence the great line. He did nothing of the kind. The French saying, "*Toujours de l'audace*," seemed to be his maxim. He was always bold. He coolly announced that he would not dispose of his bonds except for cash, and, strange as it may have seemed, he capped the climax by refusing to sell any at all unless $1,500,000 worth were taken. He was again successful, but the purchaser required more security. Thereupon Mr. Huntington made himself and his firm responsible for the whole amount. It was thus on the pledge of the private fortunes of Mr. Huntington and his partner that the first fifty miles of the road were built. After a time, however, funds ran low; it seemed inevitable that the number of laborers should be reduced. Certainly more means were necessary. At that

time the Government held the first mortgage on the road, and no Government subsidy bonds were obtainable until a section of fifty miles of the road had been completed. Huntington and Hopkins stepped into the breach, and agreed to keep five hundred men at work for a year at their private expense, and three other gentlemen agreed to furnish three hundred men for the same length of time. This resolution ended their troubles; the road was built through to a connection with the Atlantic seaboard, and trans-continental transportation became a fact and no longer a dream. Mr. Huntington came to New York again, and here he now resides in a fine mansion on Park avenue. He is still a hard worker, but after business hours he dismisses as far as possible the cares of his financial functions. Among the railroad systems controlled and operated by him and his associates, the executive conduct of which is largely directed by himself, are the Central Pacific, the Chesapeake & Ohio, the Trans-Mississippi roads, and the Southern Pacific, making a total of nearly eight thousand miles of line. He is also heavily interested in roads in Mexico and Central America and steamship lines plying to the Chesapeake Bay, to Brazil, China and Japan and other parts of the world. Directly or indirectly he has thirty thousand men under him. In business he is an autocrat; his manner is quick and decisive; he is direct in his speech, and expresses himself with force when he says anything. He also knows when silence is golden. He is a good story teller, and has a large fund of anecdotes; he has original wit, a store of quaint, homely sayings, which are often singularly apt. Sitting in his office chair, with a black skull cap, which he usually wears in business hours, pushed back on his head, he has an open, jolly, unassuming look, and the stranger would hardly take him for one of the uncrowned financial kings of this country. He is one of the few men in this country who have shown themselves more than a match for Jay Gould.

Leland Stanford.

Leland Stanford, one of California's United States Senators, is worth from thirty to forty million dollars. He was born in Albany county, New York, March 9, 1824. He received an academical education and entered a law office in Albany in 1846, and, after three years' study, was admitted to practice law in the Supreme Court of the State of New York. He removed to Port Washington, in the northern part of Wisconsin, and there engaged in the practice of his profession for four years. In 1852 fire destroyed his law library and other property, whereupon he went to California and became associated in business with his three brothers, who had preceded him in seeking fortune on the Pacific Slope. His first business venture was in Michigan Bluffs, but in 1856 he removed to San Francisco to engage in business enterprises on a large scale. His business at one time, it seems, was in oil, and, later, in various manufacturing and agricultural ventures. He was elected Governor of California in 1861. He insisted upon being inaugurated as provided by the State constitution, at the Capitol building, though the locality was under water by reason of floods. He became President of the Central Pacific Railroad and superintended its construction over the mountains, building 530 miles of it in 293 days. He was elected as a Republican to the United States Senate in 1884, and his term does not expire till 1891. He is still the President of the Central Pacific Railroad and of several of its associated lines, while he is a director in others. He owns a princely domain in California, known as Palo Alto ranch, comprising six thousand acres, which he has devoted to the site of an Industrial University for both sexes, as a memorial of his only son, who died some years ago. He has richly endowed this great educational institution, setting aside for it about ten million dollars. Here both sexes will be fitted to fill a useful part in the battle of life; they will be instructed in mechanical arts and agricultural as well as in other branches of education,

Leland Stanford.

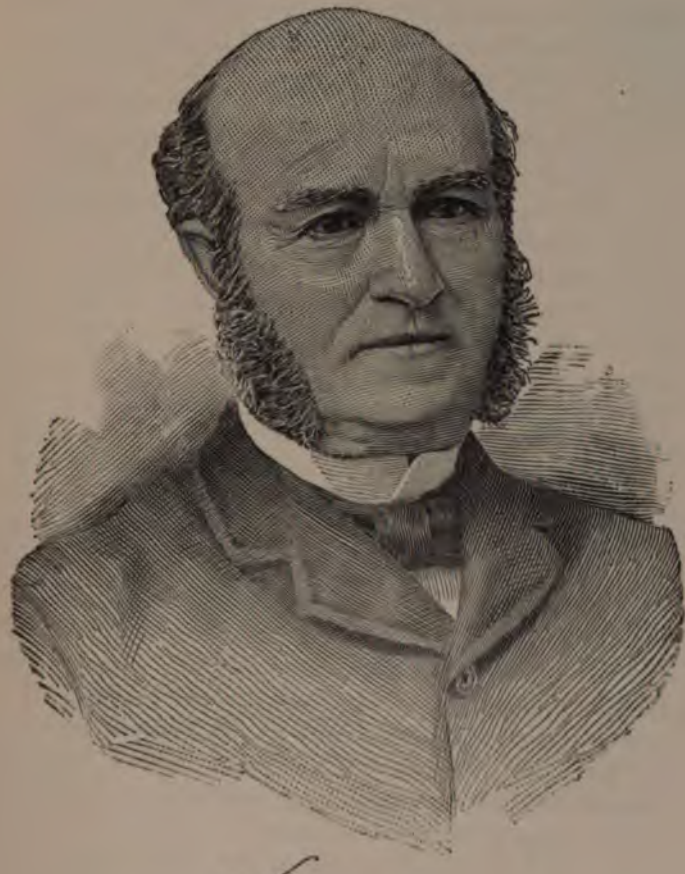
which will start the student fairly in life. He found, as President of the Central Pacific Railroad Company, that many bright young men of collegiate education were not specially fitted for any particular work in the great school of life, and those who are familiar with great cities know that thousands of men have really wasted their years in obtaining a collegiate education which never enabled them to earn more than barely enough to live upon. They become, in many cases, ill-paid book-keepers, entry clerks, salesmen, car conductors, postmen, and sometimes find themselves obliged to turn their hands to hard manual labor, or else starve. Senator Stanford's beneficent plan, then, of giving the young such a practical education that they can face the world with confidence and with a reasonable certainty of remunerative employment, or with the requisite knowledge to guide them in enterprises of their own, is worthy of the highest commendation, and his example is likewise worthy of the emulation of gentlemen with millions to spare in all parts of the country. If Samuel J. Tilden had endowed a university of this kind he would have been a far greater benefactor in many respects than he has undoubtedly shown himself in his will. Governor Stanford's great ranch, which is to become a seat of learning, is situated about 32 miles from San Francisco, and promises to be the educational Mecca of the Pacific Slope. His fortune, notwithstanding this princely donation, is still enormous, amounting to twenty-five or thirty million dollars.

Darius O. Mills.

One of the most notable figures daily seen on Wall Street is a man about five feet nine inches in height, with handsome, florid features and a firm jaw, indicative of great decision of character. He is now about fifty eight years of age, and is as industrious and energetic as when he began his eventful career. It is Darius O. Mills. He is one of the most astute and one of the boldest financiers in this

country. He has the courage of a Richelieu, joined to that famous statesman's caution and conservatism when the march of events requires it. Of the California magnates he is one of the most notable. In New York he has taken the highest rank, socially and financially, of them all. As I have intimated, he is bold, and yet, on occasion, he wisely acts upon the maxim that discretion is the better part of valor. He was born in a small town on the Hudson River, in this State. Before the California gold excitement broke out he and his brother were in the hotel business. He has always been dependent on his own exertions; he has fought his way to opulence, such as a prince might envy, by his own keen intelligence and undaunted enterprise. He began in humble circumstances. To-day he is worth twenty millions. He is a permanent resident in the metropolis, and is regarded as one of New York's best and most influential citizens.

He laid the foundation of his vast wealth in California. On the breaking out of the gold fever he and his brother left their native town for the fields of adventure, where men of shrewd foresight and determined courage achieved a success stranger than the wonders of a Persian tale. The brothers did not trust to luck. They chartered a sailing vessel, loaded it with commodities likely to be in demand among the miners, and then sailed for the Golden Gate *via* Cape Horn. After a narrow escape from shipwreck they arrived at San Francisco and at once opening a store, they sold their merchandise to the eager miners at fabulous prices. D. O. Mills rapidly accumulated wealth, and when Wm. C. Ralston organized the Bank of California, he became its President. During the time that Mr. Mills gave his attention to the Bank of California it was the most successful institution of a similar character in this country, but when he decided to remove to New York his connection with the great bank was severed. Disaster came under Ralston's administration. Mr. Mills had continued to be a

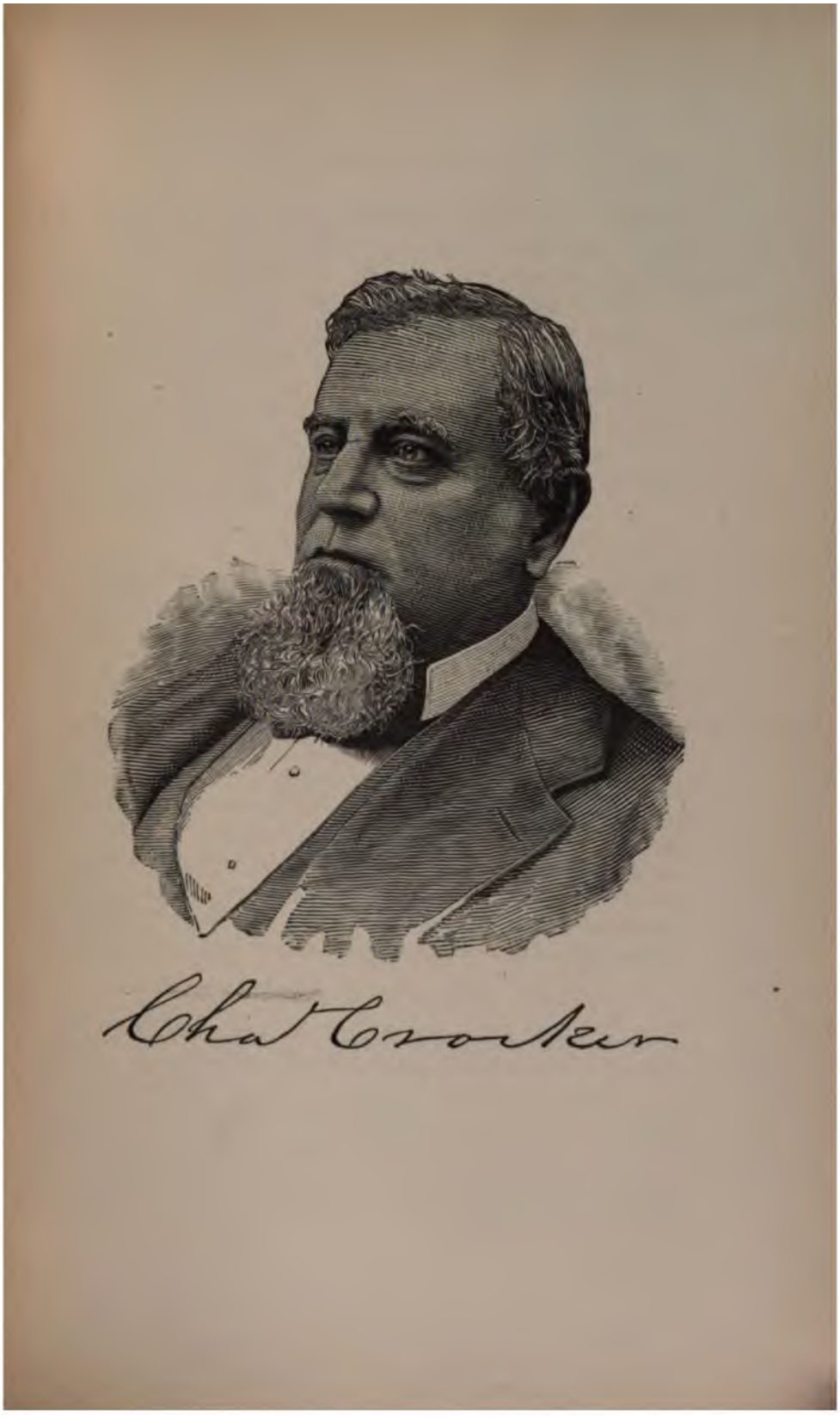


D. O. Mills

stockholder, and when a financial hurricane struck the bank, he was quick to go to the rescue. He contributed largely to provide for the bank's losses and to reorganize it with new capital, which placed it again among the foremost financial institutions of the United States. The credit of this Herculean achievement was due more to him perhaps than to any other man. His social position is deservedly high. His son married the daughter of a member of the historic Livingston family, one of the oldest and most illustrious in this country. His daughter married the successor to the editorial chair of Greeley, Whitelaw Reid, whose able management of the *Tribune* has established a world-wide fame for that gentleman. These marriages of his children strengthened his already strong position socially, which he soon won despite the fact that he was a newcomer. Mr. Mills is distinguished for a princely liberality. He believes in distributing his property generously while living. He has built, therefore, one of the finest residences in this city for his son; he bought for his daughter, Mrs. Reid, at a cost of four hundred thousand dollars, the Villard palace on Madison Avenue. His other acts of generosity are numberless. He himself lives in fine style. He paid the highest price ever paid per foot for a residence in New York when he bought from D. P. Morgan, for one hundred and seventy-five thousand dollars, that gentleman's residence directly opposite St. Patrick's Cathedral on Fifth Avenue. This mansion occupies two lots on a Columbia College leasehold. After purchasing it Mr. Mills gave a *carte blanche* order to a noted decorator of New York, and during a trip to California the work of decoration was done. On his return he at once took possession of a mansion of which a Shah of Persia might be proud. He was delighted with all that had been wondrously wrought by the beautifying touch of splendid art; with the richly carved wood work, the gorgeously picturesque ceilings, the inlaid walls and floors, and the *tout ensemble* of Oriental magnificence. His content-

ment was complete, but a surprise awaited him. It was the decorator's bill for four hundred and fifty thousand dollars. This, it is said, slightly disturbed his serenity. It caused him to look with a critic's eye on the splendid decorations which constituted a study in the fine arts at such high rates of tuition. As with the eagle eye of a connoisseur, he perceived that the bill was altogether too high. He succeeded in getting, however, only a slight reduction. Moral: Don't give carte blanche orders to decorators any more than you would hire a cab without first making a bargain.

Mr. Mills came to New York to take up his residence some years ago, with a fortune of many millions of dollars. He is particularly worthy of a place in this book as from the time of making his home here he has been prominently identified with Wall Street Soon after taking up his residence here he became acquainted with William H. Vanderbilt, at whose suggestion he invested very heavily in Lake Shore. He made by this operation no less than $2,700,000. This large sum he devoted to the construction of a palatial building on Broad Street, which bears his name, and is probably the finest and most complete structure for office purposes in the world. It has a frontage of 175 feet on Broad street, 30 feet on Wall street, and 150 feet on Exchange place, and is nine stories high. Thirteen buildings were torn down to secure its site. It was begun in May, 1880, and was practically finished in one year, the men working night and day. It is built largely of Philadelphia brick, with Belleville brown stone trimmings. It is otherwise ornamented with terra cotta, and Corinthian and Renaissance capitols, and red Kentucky marble pillars. On the first three floors the wainscoting is of Italian marble, and there is marble tiling throughout the building; the woodwork on the first two floors is mahogany, and on the upper floors it is reeded and panelled cherry. There are 400 offices, and the tenant population is 1,200. For weeks at a time the total daily average number of persons carried



on six elevators has been no less than fifteen thousand. The working force necessary to look after this magnificent structure numbers 60 person. The net annual rental is about $200,000, the highest individual rent paid being $20,000.

Mr. Mills' exceptional skill as a financier has won him a high reputation in New York, and his counsel on vexed and abstruse questions has often been quoted by powerful corporations. He is a director in several railroads, including the Erie, and it is understood is interested in mining enterprises. In the battle of life he has achieved signal success. His career is a fitting lesson to future generations.

Charles Crocker.

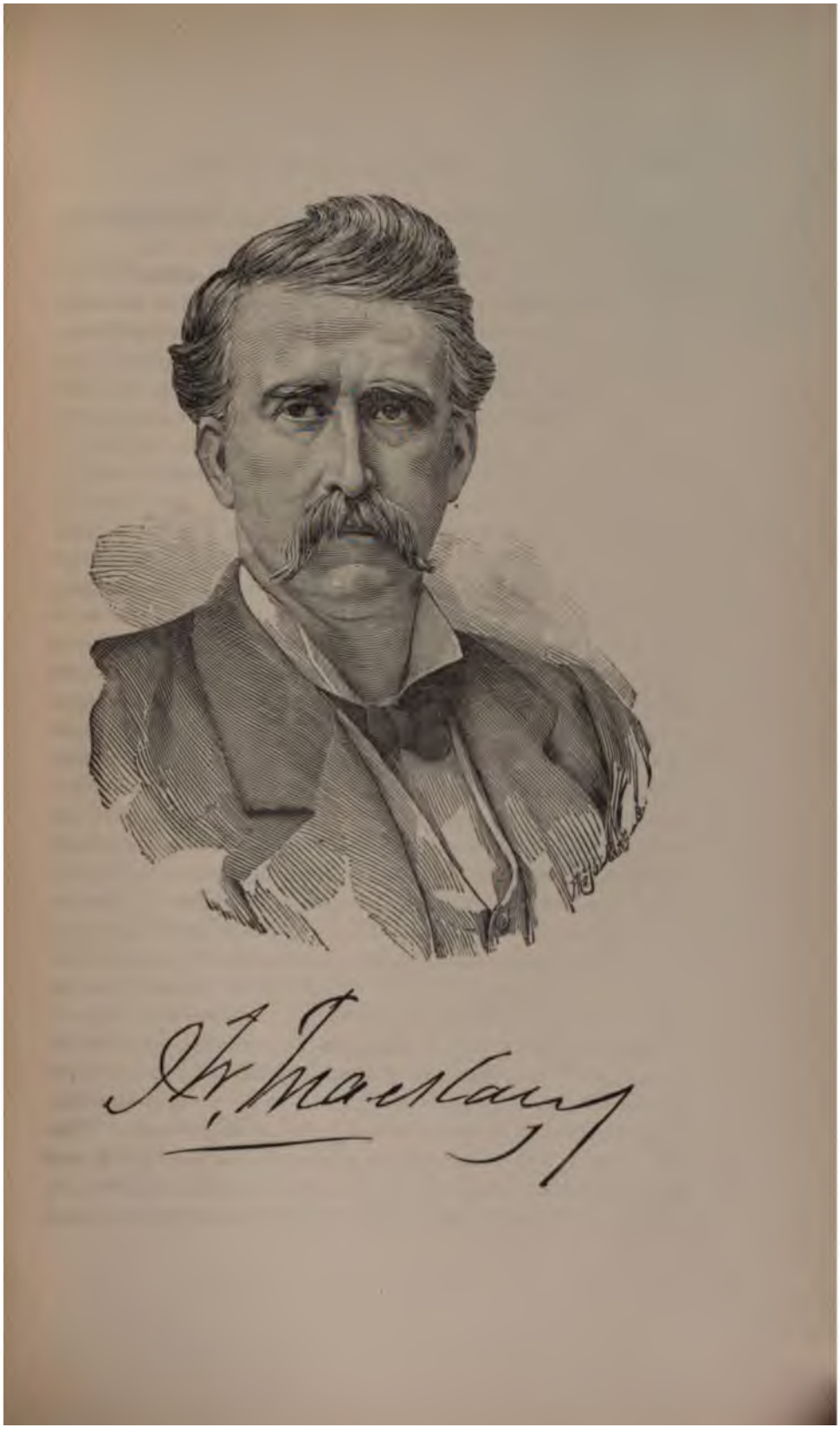
Charles Crocker is now about 65 years of age, and lives in New York city. He was born in Ohio in humble circumstances, and early in life followed for a time the occupation of blacksmith. He used to get up at four o'clock in the morning and work hard all day. It was a hard life, and he engaged, after a time, in other occupations, gradually, in the meantime, by thrift and industry, amassing a sufficient sum to enable him to go to California, in the height of the mining fever, and establish a general store in Sacramento. He met with considerable success in trade, and when the project was formed to build the Central Pacific Railroad, he lent his aid to the enterprise, and has ever since been identified with that corporation. He is now its Secretary and Vice-President, and is also interested in associate roads.

Mark Hopkins.

Mark Hopkins died some years ago, worth fifteen million dollars. He was from Massachusetts, and went to California on the breaking out of the mining furore, and settled in Sacramento, where he soon engaged in the hardware business with C. P. Huntington, with whom he also embarked in the ambitious enterprise of building the Central Pacific Railroad. He won a large fortune in his railroad operations.

His widow has a magnificent estate at South Great Barrington, in Massachusetts.

We come now to the famous mining princes of the Pacific Slope. The discovery of gold in California, and of the rich deposits of the precious metal elsewhere on the Pacific Slope, led not merely to the accumulation of vast individual fortunes; it sent the currents of new life humming through the veins, so to speak, of the entire country; it stimulated trade; it awakened new life; it gave a tremendous impulse to a thousand industrial enterprises; it sent the Republic forth as a conquering hero of commerce, leveling all obstacles and laughing at difficulties; tunneling mountains, building railroads whose very rails seem to catch a golden gleam from the rich traffic; spanning great rivers with majestic bridges; building ships and steamers; setting vast manufactories to awake the solitude of primeval forests with the thunder of machinery, the ringing of hammers and the thousand voices of labor; building villages, towns and cities with such marvelous rapidity as to suggest the touch of the magical wand of genii. With the treasure taken from her bosom nature herself was subdued; an electric thrill stirred the older centres of population as it led the new sections, and the Republic has ever since, regardless of those periodical reactions known as panics, kept its onward march in fulfillment of that far-sighted prophecy that the star of empire takes its way to the West, and that on the broad stage of the American Continent the Anglo-Saxon race will win far greater triumphs than it has ever achieved in its amazing career since it sprang from the barbarism of the Northern wilds of Europe to take its proud station as the dominant family on this globe. The rich gold mines, and later the great silver mines, have given this country a feverish dream of speculation, in which gigantic fortunes have been amassed. The richest deposit of silver in Nevada, if not in the world, was the Comstock lode on the east side of Mount Davidson, in Storey county, and partly under the towns of Virginia and



Gold Hill. At one time its ores contained one-third in value of gold and two-thirds of silver. The lode has been traced on the surface some twenty-seven thousand feet, and has actually been explored about twenty thousand feet, within which space most of the larger mines are located. The lode has been opened to the depth of about twenty-two hundred feet. The various mines on this lode have given a total return, it is estimated, of some three hundred millions of dollars.

One of the most famous of the bonanza magnates is John W. Mackay. His rise to financial power reads like a romance, and yet his astounding success was by no means attained as by turning over a hand. He believed in the richness of the bonanza field; he and a number of associates purchased the controlling interest in the corporations which owned it. Then began the grand hunt for the ore body. Others had tried to find it, but had given it up in despair. The idea that the property was worth working was laughed to scorn. The men who believed in it persisted in spite of all discouragements, which were many; they spent about half a million in prospecting. They made in 1875, after long and trying efforts, the famous strike which astounded the business world, and stirred up a speculative fever which did not die out for years. This plain, quiet, unpretending financier was born in the humblest circumstances in Dublin, Nov. 28, 1835, and is consequently in his 52nd year. He came to this country very early in life, and as a boy worked for Wm. H. Webb, the once famous ship builder of New York. In 1852 he went with a party to California, sailing in one of the ships of his former employer. It has been said that previous to this he kept a liquor saloon in Louisville. Like so many others, however, he caught the gold fever, and on arriving in California he immediately engaged in placer mining in Sierra county of that State. He met with the usual vicissitudes of fortune, but at last a fair degree of success rewarded his untiring efforts, and he there-

upon went to Virginia City, Nevada, and started a tunnel in what was called the Union ground, north of the Ophir mine. The speculation was disastrous. He lost all he possessed, but he was not conquered. He secured work as a timber man in the Mexican mine, and he engaged also as a miner, swinging the pick and shovel, and little dreaming that this would be told as an interesting circumstance in a career which was to be successful beyond his wildest hopes. He labored industriously; he saved his money, and he watched his opportunities, which very few people do. He got his first important start in connection with the Kentuck mine in Gold Hill, but he had frequent fluctuations of fortune until finally, in 1863, he formed a mining co-partnership with J. M. Walker, a brother of a former Governor of Virginia, and subsequently the firm was strengthened by the addition of Messrs. Flood, O'Brien, and Fair. The firm struck their first great success in 1865-67 during their control of the Hale & Norcross mine. Later came the celebrated California and Consolidated Virginia mines, the wonders of the mining world. He was married in 1867 to the daughter of Daniel Hungerford. Hungerford, by the way, was a Canadian, who came to New York many years ago and lived in West Broadway, where he followed the occupation of a barber. When the Mexican war broke out he enlisted, and at the close of that war he returned to his family and his previous occupation. When the famous Colonel Walker raised a force in New York for the invasion of Nicaraugua, Hungerford, who seems to have been of an adventurous spirit, enlisted, and barely escaped the fate of Walker and those of his force who were captured and shot by the Nicaraugua authorities. He escaped by fleet running, and again returned to his family and tonsorial profession, dying soon after his return. His daughter married a physician, with whom she went to Nevada. He died and left her in reduced circumstances. With the open-handed generosity characteristic of the financiers of the Pacific Slope, a number of

JAMES C. FLOOD.

wealthy gentlemen, learning of the circumstances, started a subscription, to which Mr. Mackay made a large contribution. She called to thank him, and the acquaintance thus begun ripened into mutual attachment, whose happy consummation was their marriage a few years later. Mrs. Mackay, during the last few years, has resided for the most part in Paris and London, where she has lived on a scale of magnificence which has dazzled and astounded foreigners. Mr. Mackay himself has apparently little inclination for social triumphs; he is well liked wherever he is known for his quick, genial manners, but seems to avoid publicity. He alternates, for the most part, between New York and San Francisco. In New York his office is at the Nevada Bank, in which he is a large stockholder, owning, in fact, half of the stock. In recent years he has become largely interested in a cable line to Europe, started in opposition to other well-known lines. His fortune is estimated at twenty millions. Mr. Mackay's step-daughter was married a few years ago to the Prince of Colonna, who belongs to one of the most ancient and wealthy families of the nobility of Italy.

James C. Flood was once a poor boy of New York city, now he is worth more millions than can exactly be told. He went to San Francisco in 1849, poor and friendless, and in company with the late W. S. O'Brien, opened a liquor saloon, where he sold whiskey at 12½ cents a glass. He drew the liquor from casks piled one upon another. In those early days of the future queen of the Pacific Slope there were no gorgeous saloons with tesselated marble floors, a dazzling stretch of costly mirrors, and a gallery of rare pictures. Such resorts as Flood's, in the slang of the day, were termed "gin mills," and in the man who drew whiskey from the casks rather than tendering a heavy cut glass decanter, it would have been difficult for the most fanciful to have recognized the future famous man of millions. He made money and went into mining stocks. The first great mining speculation in which Flood, with his partner, O'Brien, embarked was in

1862, in Kentuck and the stocks of other mines on the Comstock lode. Then they went heavily into Hale & Norcross, one of the old time favorites. They were generally successful in these operations, but a crowning and dazzling triumph awaited them. In February of 1874 there were whispers that the Consolidated Virginia, which had caused a furore some ten years previous, but had fallen off materially, and the newer mine, the California, would soon develop rich bodies of ore. Flood and his partners, who owned these mines, became certain of this prospective bonanza in the following winter, and early in 1875 came the announcement of the discovery of the fabulous ore bodies which made the name of the Comstock lode known round the world, and lifted the owners of the celebrated mines at once into wealth so enormous as to make the extravagances of the Arabian Nights seem tame. The establishment of the Nevada Bank was the idea of Mr. Flood, who is said to possess a natural aptitude for finance. He became president of the bank and a large stockholder in it. He is a man of compact, robust build, five feet nine inches in height, with quiet, courteous manners, and of an energetic, self-reliant and industrious disposition. He has had a remarkable rise, but has shown himself equal to the surprising good fortune which has attended his strange career.

It is of interest to recall the fact that the original Comstock syndicate, most of whom derived such enormous wealth from the Comstock lode, was composed of Messrs. Mackay, Flood, O'Brien, Fair and Walker. Soon after these gentlemen became associated in their great enterprises, Walker sold out his share of one-fifth to Mackay, for a very small consideration, and this consequently gave that gentleman an interest of two-fifths, against the one-fifth share held by each of the three others in the firm, a fact which accounts for Mackay's greater wealth. Walker, one of the original parties in interest, afterward not only lost in mining and other speculations the amount which Mackay had paid him for his share,

JAMES G. FAIR.

but all his other means, and was, in fact, completely beggared, and died in an asylum for paupers. He had experienced dramatic vicissitudes of fortune. He ought to have been worth fully twenty millions of dollars. He died without a penny.

W. S. O'Brien.

W. S. O'Brien was associated with Mackay, Flood and Fair in developing mines on the Comstock, and died in 1878, enormously wealthy. He was born in New York, went to San Francisco in the early days of the gold excitement, and at first kept a liquor saloon with Flood. He gradually engaged in mining speculations, and ultimately met with such success that he died famous as one of the bonanza kings. It is an interesting circumstance that four Irishmen secured the lion's share of the bonanza millions, and they were all born poor. The harp of Tara's halls never was struck to so strange a roundelay as this.

James G. Fair.

James G. Fair is another of the bonanza kings who has had an interesting career. He was born Dec. 3d, 1831, near Belfast, Ireland. He came to this country with his parents in 1843 and settled in Illinois. He received a thorough business education in Chicago, and at the same time devoted considerable attention to scientific studies. On the breaking out of the gold fever in 1849 he removed to California, settling at Long's Bar, Feather River, in that State. He mined on the Bar for some time without much success, and then turned his attention to quartz mining. Placer mining in those days was conducted in too primitive a fashion to suit a man of his mechanical ingenuity. Placer, by the way, is a term of Spanish origin, signifying a gravelly place where gold is found, especially by the side of a river or in the bed of a mountain torrent. In quartz mining, on the other hand, the metal is obtained by smelting after crushing the rock of

which it forms a part. Mr. Fair engaged in quartz mining in Calaveras county, California, and later became superintendent of various quartz mines in other parts of the State. In 1855 he became superintendent of the Ophir, and four years later of the Hale & Norcross. In 1860 he removed to Nevada and became actively engaged in developing mines. In 1867 he formed a partnership with John W. Mackay, James C. Flood and Wm. S. O'Brien. The firm, at Mr. Fair's suggestion, obtained control of the California and Sides mine, the White & Murphy, the Central Nos. 1 and 2, and the tract known as the Kinney ground, and it was in this rich field that the famous California and Consolidated Virginia mines were developed, the yield of which, under Mr. Fair's superintendence, is estimated at about two hundred million dollars. He began speculative buying of real estate in San Francisco in 1858, and is now said to own seventy acres of land in different parts of that city, constituting in itself an enormous fortune. He was elected to the United States Senate as a Democrat to succeed the Hon. William Sharon, and took his seat in 1881, his term expiring March 3d, 1887. In person Mr. Fair is of about the medium height, of compact, solid build, has handsome features, and is a man who would be likely to attract attention anywhere. His fortune is estimated at from ten to twenty millions.

William Sharon.

William Sharon was one of the remarkable men developed by the mining excitement in this country, one of the sagacious, self-reliant men who inevitably come to the front wherever they are found. He showed his mettle when the Bank of California was forced to suspend, and when a commercial pall hung over San Francisco. In the midst of the frenzied excitement he was one of the few who kept cool and never lost their courage. The wild excitement on the Stock Exchange of San Francisco was stopped at his suggestion that the sessions be indefinitely postponed.

Then he called a meeting of the Bank of California directors and made a stirring appeal to them to stand by the bank in the hour of its misfortune, and rescue the business interests of the coast from the paralysis by which they were likely to be seized if they did not take a resolute stand, put their shoulders to the wheel and acquit themselves like men. He proposed that each subscribe liberally to put the bank again in operation, and set the example by a very large subscription —said to have been five million dollars. Others also subscribed liberally, and to the astonishment and joy of the city the bank again threw open its doors for business. He had some years prior to this become connected in business with the lamented Ralston.

William Sharon was born in Ohio, and early in life began the practice of law in Illinois. He went to San Francisco, and immediately engaged in the real estate business, and ultimately became a very large operator in lands, but failed, and in 1863 went to Nevada to take the agency of the Bank of California in Gold Hill and Virginia City. The bank had large loans out on mining property, and as the production of many of the mines had seriously declined, Ralston grew uneasy, and was greatly relieved when Sharon offered to become personally responsible for these loans on condition that the bank advance him a considerable sum to be used in contemplated mining developments, and allow him two years in which to meet the loans. The terms were accepted. Sharon ran new drifts here and there, and in four months, to Ralston's amazement, paid all the loans, and placed on deposit three-quarters of a million to his own account. This feat drew general attention to him; he was consulted in large operations; he became a director in the great bank. He never forgot Ralston's kindness to him. He assumed entire charge of the personal affairs of Ralston after his death, and settled on Mrs. Ralston nearly half a million of dollars. He finally entered politics, and represented California in the United States Senate. He was a conspicu-

ous example of business acumen and surprising energy, as well as of becoming gratitude to the knightly Ralston, of whom he always said: "He was my benefactor.'

Wm. C. Ralston.

Wm. C. Ralston was one of the most notable, as he was one of the most remarkable, of all the financial giants of the Pacific Slope. He ascended the gilded summits of financial renown, and he fell into a shadowy valley of stern retribution and utter ruin. No man could be more popular, none could exhibit greater daring in his business enterprises. He was a New York boy, but drifted to the West, and became a clerk on a Mississippi steamboat, finally became Captain, and having amassed some money, he leaped into speculative waters, like another Leander, to swim the Hellespont of California finance. He became associated with Commodore Garrison and two others in the banking business in San Francisco about 1853. Finally he organized the Bank of California, and became first its Cashier and then its President. His rise was marvellous. At one time he was supposed to be worth $20,000,000 or more. He had a country seat at Belmont, in San Mateo county, that a king might have been proud to own, and here he entertained in royal fashion. Every celebrity that visited California was received with regal hospitality by this monetary prince of the golden State. But as the allied armies arrayed against Napoleon were often put to rout from being too much spread out, so this financial Titan, combining the genius and courage of many in one, was finally overthrown by adverse fortune, because his enterprises were too much spread out. He had too many projects on hand at one time. He lost heavily in mining and real estate speculations; he lost in manufacturing enterprises. Fate struck him suddenly as with the hammer of Thor. In one fearful storm of trouble all his misfortune descended upon him at once. All the waves and

billows of adversity broke over him. He had no chance to recover himself. Birnam seemed all at once to come to his financial Dunsinane. An investigation of the affairs of the Bank of California was made by the directors of that institution. Their suspicions had been aroused that Ralston's administration of its affairs was open to grave criticism. He attended the meeting of the directors, and was coldly requested to withdraw during the discussion. He who had been absolute in the great bank saw that his power was gone; he stood on the brink of a moral Niagara. He left the Directors to make the inevitable discovery that he had over-issued the stock of the bank some $6,000,000, and crazed with grief and despair, found a suicide's death in the waters of the bay. He had over-issued the stock hoping and believing that success in some one of his numerous and gigantic enterprises would enable him to provide for it, but disaster stealing on him suddenly, like a thief in the night, frustrated any plan of restitution, and he paid for his fault with his life. He was a man about five feet seven inches in height, with a rather florid complexion, a full light brown beard and kindly brown eyes. He was once the idol of California, and his one great fault is almost swallowed up in the memory of his princely generosity, his hearty geniality, and his many other engaging traits.

John P. Jones.

John P. Jones has had an eventful career. He has made and lost millions. He was worth at one time five or six millions. He lost very heavily in railroad enterprises in Southern California. He had been engaged in mining and had won a big heap of treasure, probably as much wealth as any one needs, or more, but with the restless ambition of one who would travel still higher up the glittering heights of financial fame he sought to emulate Huntington, Stanford and others and become a railroad magnate. It was a case of vaulting ambition o'erleaping itself and falling on the

other side. He lost almost his entire fortune, but he has now regained his feet again and is once more wealthy. He profited by the revival of interest in mines and mining stocks in 1886, and secured, moreover, a considerable interest in the Alaska mine, in which D. O. Mills was interested. He bought stocks of once famous mines at low prices, and when the advance on the revival of public interest in mining shares took place he was a large gainer. John W. Mackay has within the last few years shown a disposition to lend him assistance in his endeavors to recover his former footing. John P. Jones is one of a number of Englishmen who have won financial celebrity in this country. He was born in Herefordshire, England, in 1830, and came to this country with his parents when only a year old, settling in Ohio. For a few years he attended school in Cleveland. In the early days of the gold excitement in California he emigrated to that State and engaged in farming and mining. He acquired a taste for politics. He represented his county in both houses of the State Assembly. In 1867 he went to Gold Hill, Nevada, and has ever since been engaged to a greater or less extent in developing the mineral resources of that State. In his earlier days he worked hard as a miner in one of the counties of California. He worked in placers and tunnels; he had many ups and down. He was daring and ambitious, and sometimes seemingly reckless. He spent a million dollars trying to develop some mines in Mono, California, and then gave up the attempt. At one time he controlled the Ophir, Savage and Crown Point mines on the Comstock lode; he owned large establishments for the manufacture of ice in Georgia, Louisiana and Texas and elsewhere; he made large purchases of land in California; he engaged in a multitude of ambitious enterprises. He had too many irons in the fire. Misfortune did not daunt him. Like the old hunter of tradition, his motto was, "Pick the flint and try it again." He may yet become a financial

power again. He has a certain readiness as a speaker; he is of large frame and not unpleasing aspect, and his taste for public debate and the excitements of the political arena have led him into contests for public honors which have been successful. He was elected as a Republican to the United States Senate in 1872, and has twice been elected, so that his term will not expire until 1891.

R. J. Baldwin has become widely known by the sobriquet of "lucky." He is 59 years old and was born in Ohio. His father moved to Indiana and had a farm adjoining that of Schuyler Colfax. There he worked till he reached his twentieth year. He married in the following year and went to a small place in Indiana and kept a country store; he soon built canal boats to ply between Chicago and St. Louis. He went to Racine, Wisconsin, in 1850, and engaged in the grocery business with considerable success. He was keen at a bargain and always had an eye out for the main chance. His so called "luck" was in reality business skill. He went to California in 1853, after purchasing a number of horses and wagons and an ample supply of merchandise. He found a good market for his goods in Salt Lake, making nearly four thousand dollars on the venture, and further on he sold his wagons and harness and made up a pack train over the mountains, and, arriving in San Francisco, sold his teams at good prices. His trip had been a complete success. He now went into the hotel business, and, after selling out twice to good advantage, he formed a partnership to engage in the brick trade, which, proving very successful mainly through his skill in drumming up business, he decided to go into it alone. He himself knew nothing about brick making, but he studied up the subject and eventually became an expert. He obtained remunerative contracts with the Government; he boarded his men and made for a time about fifteen hundred dollars a month. He finally sold out and went into the livery business. He made money and invested considerable in real estate. He sold out and went

to Virginia City, Nevada, at the breaking out of the mining excitement there. At that point he started a lumber yard. He speculated in mines and met at times with great success, but once he was so badly worsted in this great game that he was compelled to mortgage all of his property; but the tide turned soon and became a flood of gold. He speculated in such mines as the Crown Point, Belcher, Consolidated Virginia, California and Ophir. He acquired at one time the controlling interest in the Ophir. He has speculated heavily in San Francisco real estate, and with marked success. He erected a building there that cost, with all its appurtenances, over three million dollars. Part of it is used as a theatre. He bought sixty thousand acres of land in Los Angelos county, and had practically a town of his own. He spent about half a million dollars improving this tract, more particularly his Santa Anita ranch of over fifteen thousand acres. His sagacity and industry, rather than mere "luck," have won him his fortune of ten or fifteen million dollars.

William H. Stewart.

William H. Stewart, another successful man of the Far West, who has twice represented Nevada in the United States Senate, was a New York boy, born in Wayne county in 1827. A good many New York boys have succeeded in the West. He went to California early in 1850. In the fall of that year, while prospecting, he discovered the Eureka placer diggings; he built saw mills, worked claims because disgusted with mining, went to Nevada City in the spring of 1852, and in December of that year was appointed District Attorney, was elected to that office in the following year, and in 1854 was appointed Attorney General, thereupon taking up his residence in San Francisco, where, by the way, he married a daughter of ex-Governor Foote, of Mississippi. Later he returned to Nevada City and established a very lucrative law practice, and remained in that county till the spring of 1860, when the furore over the Comstock mines

induced him to go to Virginia City, Nevada. He thoroughly understood mining law, and soon had a large practice. The large sums which his legal talents brought him were invested in mines, and he became one of the leading operators on the Comstock lode. He invested half a million dollars in San Francisco real estate. He rendered important services to mining interests while in the United States Senate, in preventing the passage of a bill providing for the sale of all the mineral lands of the country at public auction, a measure which it was supposed would concentrate much of the mining property of the United States into the hands of the wealthy.

James Lick.

James Lick, born in Pennsylvania in 1796, was one of the strange characters of California. He went there in 1847, after having been a manufacturer of pianos in this country and different parts of South America. He took $30,000 to San Francisco, which he invested in real estate, foreseeing that it was to become the great city of the Pacific Slope. He bought lots by the mile. His profits were enormous. He became one of the great millionaires of California. He set aside $2,000,000 in 1874, to be held by seven trustees, and to be devoted to certain public and charitable purposes. In 1875 he desired to make some changes in his schedule of gifts, and when the trustees expressed some doubts as to their legal right to give assent, at his request they resigned. The next year he died, and then followed a litigation by his son and other heirs, which was finally so adjusted as to leave a large sum to be devoted to various public and charitable projects. He left $60,000 to be devoted to a statue of Francis Scott Key, the author of the "Star Spangled Banner." He was very eccentric, due, it is said, to an early disappointment in love. He sought the hand of a miller's daughter, but was dismissed by the father, because young Lick did not own a mill. When he became enormously

wealthy, James Lick built a large mill, and adorned it with mahogany and costly woods as a memorial of his youthful attachment. He seemed to derive almost childish pleasure in contemplating this splendid building, which would have so far outshone any that could ever have been owned by the man who had once spurned him for his poverty. The poor young men of one generation are often the millionaires of the next. One of the great monuments to his memory is the great Lick Observatory.

JOHN W. SHAW.

John W. Shaw, who made considerable money in mines and mining stocks, is one of the Western millionaires who reside in New York. He was a superintendent of mines, and speculated on his information. He was at one time prominently identified with the Eureka Consolidated mine. He is supposed to be worth $4,000,000 to $5,000,000, and is now President of the Hocking Valley Road. Messrs. Keene, Lent, Dewey, Harpending, Verdenal and other more or less successful men well known in California, live here. One of the distinguished lawyers of the West who have come here to establish a practice is ex-Governor Hoadly, of Ohio. Austin Corbin, though at one time a lawyer in Iowa, found his true field in New York, and Alfred Sully, after amassing some means in the same State, likewise found himself drawn to New York, and won unexpected success in finance here.

CHAPTER XLIII.

RAILROAD INVESTMENTS.

VASTNESS OF OUR RAILROAD SYSTEM.—ITS COST.—FALL IN THE RATE OF INTEREST.—TENDENCY TO A FOUR PER CENT. RATE ON RAILROAD BONDS.—EFFECT OF THE CHANGE ON STOCKS.—PROSPECTIVE SPECULATION.—SOME SOCIAL INEQUITIES TO BE ADJUSTED THROUGH CHEAPER TRANSPORTATION.

THERE are, perhaps, few who distinctly realize the magnitude of the amount of capital invested in the railroads of the United States. The immense area over which our population is distributed necessitates a much greater length of railroad, as compared with inhabitants, than exists in any other nation. In 1884 we had, according to "Poor's Manual of Railroads," no less than 125,380 miles of road within the United States, which exceeds the entire mileage of Europe. This was required to provide for the travel and transportation of about 54,000,000 of population, while Great Britain, France, and Germany, with their combined population of 120,000,000, had in the same year about 60,000 miles, and Russia, with some 85,000,000 of people, had only about 19,000 miles.

It can hardly be a matter for boasting that we have found it necessary to provide such a disproportionate length of road to accommodate the wants of trade and travel; for the more capital we have to invest in the facilities for carriage the less we have for investment in the means for production, and the more we have to pay for transportation service the worse is our position for competing with other nations. This, undoubtedly, is a much more important factor than is generally allowed in the question of our ability to command a share in the world's international commerce proportioned to the extent of our population.

The cost of our railroads, as indicated by the capitalization statements of the Companies in 1884, is represented by $3,669,116,000 in bonds and $3,762,016,000 of stock. As shown in another chapter on "Railroad Methods," the actual cash outlay in construction and equipments is very much less than these figures; but the roads aim to earn an investment return on these enormously inflated amounts, and do so as far as they may be able.

Elsewhere in this volume I have shown how the effort to earn dividends upon hundreds of millions of fictitious railroad capital is imposing an unjust tax on the people, retarding the growth of national commerce and creating a distinct millionaire class not without danger to our political future; and I wish here to refer to one fact from which we may hope for some mitigation of this pernicious tendency.

Within recent years it has become very clear that a large permanent reduction has been effected in the rate of interest on fixed capital. Perhaps, the principal causes of this change has been (1) the high credit of the Government, represented by a 3 per cent. rate of interest on its loans; (2) diminution of the element of risk in our corporate enterprises; (3) the more developed and consolidated condition of our industry; and (4) the growth of the national earnings in a ratio disproportionate to the new undertakings inviting capital. To such an extent has the loanable resources of the country increased that, whereas ten to fifteen years ago we found it necessary to borrow in other countries a large portion of the money needed to build our railroads, we are now almost entirely independent of European lenders, and are beginning to invest in the construction of roads in Canada and Mexico.

Thus comes about the fact that, while the bulk of the new outstanding railroad bonds bear interest at 6 to 7 per cent., with exceptions at 5 and 8 per cent., there is no difficulty in now negotiating the mortgages of sound railroads at 4 per cent., and that may be safely regarded as the future

rate for all meritorious loans. It is not difficult to see to what course of things this fact points. If new roads can be built on a 4 per cent. ratio of interest charges, then the new constructions on that basis and the gradual replacing of maturing loans at the same rate will very quickly establish a competition between roads thus situated and the large mass of companies burdened with the old high rate of interest that will bear very seriously on the latter. To a company with, say, $40,000,000 of bonded debt, it is a matter of a difference of $800,000 per year in fixed charges whether it pays 6 per cent. interest or 4 per cent. This difference will be so vital in cases of competition between high rate roads and low-rate ones, that it will leave no choice, with a very important proportion of our railroads, between facing financial embarrassment and taking immediate steps for readjusting their debts to the new and lower rate of interest. As an important proportion of the original bonds issued 25 to 30 years ago at 6, 7, and 8 per cent. rate by the older roads are now beginning to mature very rapidly, a large extent of high-rate debt will from this time forward be transmuted into 4 per cent. bonds, which will add force to the tendency here indicated.

Some important results must follow from this new drift in railroad investments. One of the effects would naturally be a diminution of the current high rate of premium on the old bonds, which has become so adjusted as to yield, in most cases, a return of 4 to 4½ per cent. on the market value. Holders of this class of bonds will perceive that the companies cannot long sustain the burden of their present high rate of fixed charges, and will soon come to discount in advance the inevitable "scaling" of their bonds. When the railroads begin to feel the effects of competition with the low-rate companies, they will not be slow to adjust their finances to the new situation; neither will they be nice about their methods of effecting such adjustments; and the rights of creditors will be ruthlessly dealt with under the

compulsion of foreclosure; and when this compulsory stage is reached, it will not be very long before a large proportion of the high-rate bonds is transmuted into long 4 per cent. obligations.

This very important transition, upon a such large mass of investments, is to be anticipated as one of the most conspicuous financial events of the comparatively near future. One of its first effects may be expected to appear in a certain tone of depression among investors, who will feel themselves impoverished through the fall in the market value of their bonds, and by the impending reduction of one-third in their income from this class of securities. The bondholders—and, indeed, investors generally—will be likely to reason that the reduction in the fixed charges of the roads will leave so much more available for the stockholders; and there would be this extent of warrant for such a conclusion, that, as the stock of a company usually about equals the amount of its bonds issues, any reduction in the rate of interest on the latter would be just so much per cent. saved towards the dividend on share capital. Under such circumstances, there would naturally be a marked increase in the demand for railroad stocks, and a large advance in their market value would in all probability result. To those who contemplate investing in railroad shares, this is a consideration which, it appears to me, should claim their consideration.

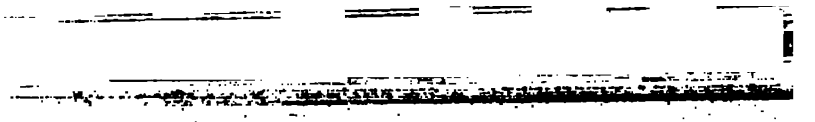
It would seem probable that, in the process of conversion here foreshadowed, there are the elements of an era of unusual speculative activity at a period not very remote. That speculative movement may be expected to consummate and finally adjust the change. Naturally, such an excitement would tend to produce a great inflation in the price of stocks (as distinguished from bonds); the final stroke of adjustment, however, would come ultimately through the construction of new competing roads, which would take out of the net earnings of the roads as much as had been saved by the reduction of interest on their debts, thus leaving the divi-

dend resources where they stood before the change. The final issue of this transition, therefore, would be to give the public at large about the entire benefit of what the railroads saved by the amelioration of their debt charges.

The tendency I have here aimed to foreshadow is one that must largely tend to the public advantage. In other words, the railroads, having reduced by 30 to 40 per cent. their interest charges, will be in a position to perform their services for correspondingly lower charges. This will be an invaluable advantage to all our industries, and especially to such as have to deal with bulky products, a considerable portion of the costs of which consists of charges for transportation, and the working class, who constitute the bulk of our consumers, will be especially benefited.

In another chapter I have shown how the over-capitalization of our railroads has caused a false and unjust distribution of wealth, and burdened our industries with transportation charges which are a serious obstacle to our national progress. The tendency above delineated shows how seriously the natural laws governing the distribution of wealth provide an ultimate remedy for such violations of these laws. The railroad capitalists who have made their millions by providing railroads at such an inflated cost are now faced with the certain prospect of a loss of one-third of their income from their investments; and that deduction will have to be distributed among the community at large in the form of cheaper carriage.

This is but a repetition of what we find so many times in the history of nations, that when any important class exacts, by some artificial process, a vast amount of wealth that does not naturally and justly belong to it, it ultimately finds the earning capacity of its accumulations declining. This is one among the many reasons why a low rate of interest is apt to prevail in countries where privileged or aristocratic classes have absorbed an undue proportion of the national wealth.



CHAPTER XLIV.

THE SILVER QUESTION.

ITS FUNDAMENTAL IMPORTANCE.—DANGERS OF NEGLECTING IT.—ATTEMPTS AT EVASION.—HOW IT MUST BE FINALLY MET.—SILVER PAPER CURRENCY SCHEMES, AND THEIR FUTILITY.

OF all current public questions, I know of none that so vitally affects the future of our financial interests as this one—what shall be the status of silver among the world's currencies? At the present time, about one-half of the world's metallic money consists of silver, and the other half of gold. It is clear that silver cannot maintain its necessary function as money unless it is invested with stability of exchangeable value. Such stability it cannot possess without the intervention of a conventional arrangement which, with all the force of a uniform law, makes a given weight of silver virtually exchangeable for a given weight of gold. This principle once established, and silver bullion being made convertible into silver coin at the mints of the chief nations on demand, it follows that the bullion value of silver must constantly conform closely to its value as coin, and the stability of the value of silver coin would thus be insured.

The difficulty has been that, owing to petty jealousies and prejudices, Governments have hesitated to act with the unanimity that is necessary to an efficient conventional arrangement. Each one has preferred that others should take the responsibility of free coinage; and the result has been that unrestricted coinage has been adopted only by those nations which happened to be most imperatively committed to the necessity of protecting their silver circulation. Those nations were comprised in the international combination known as "The Latin Union." That Union was found com-

petent to take care of all the new supplies of silver, so long as the principle of free coinage was maintained and the value of the metal was kept uniform under its operation. In an evil hour, however, certain German theorists persuaded Chancellor Bismarck to commit Germany to the demonetization of silver. The large supply of the metal thereby suddenly thrown into the mints of the Union nations alarmed that combination, first, into a limitation of their coinage of silver, and, finally, into a suspension of it. The coinage demand for silver being thus cut off, the price of silver bullion was cut loose from the relative legal valuation between silver coin and gold, and was left to drift with the variations in the commercial demand, and to decline in consequence of an excess of supply over demand. This is a brief explanation of the causes of the present depreciation in the value of silver.

I know of no way of repairing the value of that metal other than by establishing an international union, similar in its objects and conditions to the now virtually defunct Latin Union, but embracing a wider range of Governments than that combination did; the co-operation of the United States, England and Germany being especially important. Here I may perhaps be permitted to republish a series of questions propounded by the New York *Daily Commercial Bulletin*, in October last, with my answers appended, as briefly expressing the conclusions I have been led to form on this question:

QUESTIONS.

I. Would the stock of gold in the world afford a basis broad enough to meet the banking and commercial operations of Europe and the United States, without the co-ordinate use of a properly regulated silver legal tender?

II. Would you favor an International Coinage Union, embracing the United States and the leading European Governments, based upon a uniform valuation of silver as compared with gold, and binding each member to coin on demand all silver presented at its mints and to make such coin a legal tender?

III. Supposing the ratio of valuation adopted by such a Union to be the present most general one of 15½ to 1, do you see any reason why the obligation of all nations in the Union to convert silver bullion into legal tender coin at that rate should fail to restore silver to its former value of about 60 pence per ounce?

IV. Would the suspension of the coinage of the Silver Dollar be judicious, or necessary, or effectual, as a means of inducing European Governments to join in an International Coinage compact?

V. Are there any important reasons connected with the finances of the United States Government, with our currency system, or with the prospective trade of this country, why the coinage of the Standard Dollar should be suspended?

IV. Do you favor the immediate suspension of coinage of the Silver Dollar?

REPLIES.

1. Possibly the existing stocks of gold in Europe and America might be sufficient to serve the purposes of banking reserves and for transmission in the international exchanges; but it is impracticable to use such a valuable metal to the extent required for the purposes of active circulation, and this creates a necessity for a silver legal tender coin for the retail transactions of business. For this reason I regard the use of silver, co-ordinately with gold, as an indispensable element in the world's currency.

2. I regard an international union as absolutely necessary for maintaining the joint use of gold and silver, if the relative value between those metals is to be steadily maintained. If a uniform value of silver were adopted by members of such a union, and if the mint of each nation were bound to coin all silver brought to it, and the coins were made a legal tender, it appears to me that this would establish a uniform value for silver bullion the world over, on a parity with the legal valuation of silver coin; and this conventional value of bullion would be preserved as long as the union should be continued. Even the limited international arrangement known as the Latin Union sufficed to keep silver at about 60 pence per ounce, until its members, taking fright by the demonetization of silver by Germany, stopped the coinage of silver; when, the conventional support being withdrawn and the coinage demand suspended, bullion fell to its value as a mere commodity. This shows how effective the union principle is, and what becomes of silver without it.

3. If an international union were to fix the value of the two metals at 15½ weights of silver to 1 of gold, the rate now general in Europe, and the members of the union were compelled to coin it on demand at that rate, then the free convertibility of bullion into coin would necessarily make the coin and the bullion of equal value, except the slight difference that might arise from coinage charges; which is tantamount to making silver worth about 60 pence an ounce, or its former value.

4. In view of the differences of opinion in Europe on the standard question and the strong prejudices in England in favor of the gold standard, it appears to me more than doubtful whether any step will be taken on this subject until those countries are made to carry the burthen of the large surplus of silver that we are now coining. But with 25 to 30 millions of bullion of our silver going thither every year, the effect would be so serious upon Asiatic trade and upon the immense silver circulation of the Latin nations, that it seems certain they would soon become willing to assume their share in restoring silver. At any rate, it is a proper and necessary compulsion for us to apply.

5. The Government is very closely threatened with a suspension of gold payments, if the coinage is continued. We have already seen a point at which the Treasury had to negotiate with the banks for six millions of gold to avert that catastrophe; and it is only a thin margin of a very few millions that separates us from such a condition all the time. Of course, if the Government suspended coin payments, gold would be apt to go to an indefinite premium; with the consequence of a rush of greenbacks into the Treasury for redemption and a depreciation of such paper as is redeemable in silver to the purchasing power of that coin. In my view, these dangers are much nearer than is generally supposed; and it is a most unjustifiable policy that needlessly perpetuates this state of things.

6. For the reasons assigned in my other answers to your inquiries, I regard the suspension of the coinage of the the silver dollars as to the last degree imperative. And the suspension should be both total and unconditional. Either a partial or a temporary suspension would fail equally to avert the home dangers with which we are threatened, and to bring about that European action which is indispensable to a sound and permanent settlement of the question.

So long as there was no efficient conventional arrangement for maintaining the value of silver, no nation can safely continue its coinage, because, in so doing, it was increasing its stock of currency, the future value of which could not be depended upon, and which might easily become a source of embarrassment and injustice between citizen and citizen, between debtor and creditor. In our country, however, such was the political influence of the silver-producing States that they easily induced Congress to order the coinage of not less than $24,000,000 per annum of standard silver dollars. The effect of this has been, undoubtedly, to somewhat check the decline in silver bullion; but at the expense of the artificial addition already of $230,000,000 of badly depreciated legal tender to our circulating medium. Our whole currency system has thus been vitiated; for our $680,000,000 of paper money may be redeemed in silver; and we are thus exposed to the very gravest dangers, in the event of anything causing an important drain of gold to Europe. That the coin thus issued was not really needed for the purposes of circulation is demonstrated by the fact that it has been found impossible to get more than one-third of it into circulation. In order to obviate this difficulty, various devices have been introduced for keeping the coin in the Treasury and issuing against it paper certificates of small denominations. The most ingenious of these contrivances was the one proposed by Hon. A. J. Warner, of Ohio, and pressed on the Government for its indorsement. In September last I took occasion to publish certain objections to Mr. Warner's scheme, which was finally rejected by the Silver party; and, with that rejection, there is probably an end to all proposals for creating a purely silver paper currency. As a brief exposition of one phase of this controversy, it may perhaps be permissible to reproduce here the views then expressed:

Mr. Warner's measure virtually concedes that the coinage of the silver dollar has already been carried to a point that

threatens serious danger to the currency system of the country, and, consequently, to the just relations between the creditor and debtor classes. This confession from a representative of the Silver party does not come a day too soon; and it would be welcome, were it not accompanied with proposals that would aggravate the evils which need to be remedied. Let us briefly examine Mr. Warner's plan.

First, it discontinues the current monthly coinage of silver dollars required under the existing "Bland Act." 2. It provides that, in lieu of this current coinage, holders of silver bullion may deposit any amount thereof in the United States Treasury. 3. It requires that, against such unrestricted deposits of bullion, the Government shall issue to the depositors "bullion certificates," expressing an amount of money equal to the market value of the bullion at the time of its deposit. 4. These certificates are to act as a new form of currency. The Government could use them in liquidation of all its debts not made expressly payable in gold; and it would be required to accept them in payment of customs duties, taxes and public dues generally. The national banks would be required to accept them in payments between themselves. And, 5, the certificates are made redeemable in lawful money, (i. e., either gold, silver or U. S. notes), or at the option of the Treasury in silver bullion at its current value at the time of redemption. These are the more vital provisions of the scheme. Let us see what they involve.

Against the whole plan there lies a very positive doubt of its constitutionality. The Constitution empowers Congress to authorize the coinage of gold and silver, and to make such coins a legal tender; but there is nothing in the powers thus conferred, nor in any powers conveyed by that instrument, that can be construed into a right of the Government to receive silver bullion on deposit. The Government can have no interest, duty or function in connection with bullion, except so far as it may be procured for the express purpose of coinage. It can have no more power to assume the custody of bullion for the accommodation of its producers than it has to store cotton, iron or wheat for the convenience of the dealers in those commodities. And when, in addition to assuming the grave responsibilities of custodian, the Government undertakes to issue receipts endowed with special privileges and attributes, calculated to

incorporate those receipts as an important part of the currency system, it commits a breach of the true functions of government and of the true constitutional limitations of federal authority, which, it would seem, the Supreme Court should unqualifiedly prohibit.

The provision made for the redemption of these proposed certificates would be to the last degree objectionable. They are payable in legal tender money, or, at the option of the Government, in an equivalent value of silver bullion at its current market price. If the Government chooses to redeem them in lawful money, it exposes itself to a new and important demand upon its legal tender notes or its gold: and as the amount of greenbacks owned by the Treasury now runs so low as to prohibit those notes being used for the purpose, it follows that the redemption of the certificates would have to be made from the Treasury stock of gold. Thus the operation of the scheme would be to exchange the Government gold for silver bullion. What could the silver men desire better? What could all other interests dread more? It would be a direct step towards incapacitating the Government for maintaining gold payments; and, as such, would go far towards dissipating that broad substratum of gold which is the sole means of preventing our entire paper currency from depreciating to a level with the bullion value of the silver dollar.

It is thus clear that the Government would be ultimately driven to redeem the certificates in silver bullion. What does that imply? First, that the Treasury would have to stand the loss upon the deposits of bullion that might arise from a fall in its value. Take a case for illustration. A deposit is made of 1,000,000 ounces of gold at the current price of $1.10 per ounce, the Treasury being required to issue against it $1,100,000 of certificates. Later, when the price of silver has fallen to say $1.05, the $1,100,000 of certificates is presented for redemption, and 1,047,619 ounces of silver have to be delivered, as the bullion equivalent at the current market value. The Government thus loses 47,619 ounces of silver by the transaction. Now, seeing what a handsome profit can be made by thus depositing bullion at a higher price and withdrawing it at a lower, are men so virtuous that we can depend on their not working this Treasury silver mine to the utmost possible advantage? With the hands of the Government thus tied, it would be at the mercy

of unprincipled speculators and could not escape being mulcted to the extent of millions of dollars. The moment such a bill was signed by the President, speculative combinations would be formed with London bullion dealers; the European stocks would be secured, and, after advancing the price, would be sent to the United States Treasury. The next step would be to force down the price; and then the certificates would be presented to be redeemed by a much larger quantity of silver than had been deposited against them. And thus the game would go on continuously, the Government being the loser in every transaction. A finer scheme for the benefit of speculators could not have been conceived; but for legitimate interests, in many ways dependent on the value of silver, nothing could be more serious.

There is nothing in Mr. Warner's measure to prevent the United States Treasury from being saddled with as much of the European stocks of silver as speculators find it to their interest to send here, in addition to the product of our own mines; and for such deposits the Treasury would be compelled to pay whatever artificial price it suited the operators to determine. And what does such a transfer involve? First, that we should have to ship so much more gold to Europe, making the operation a virtual exchange of Europe's silver for America's gold; next, that the United States Government would thus be made to bear the sole weight and responsibility of carrying the WORLD'S surplus of silver; next, that, as a consequence, England, Germany, and other nations would become still more reluctant than they now are to negotiate for an international settlement of the silver question; next, that the Government would be so handicapped with its enormous load of silver as to place it at an utter disadvantage in such negotiations; next, that the Government would be exposed to immense losses in assuming such vast responsibilities; and, next, that the large issues of certificates to be made against this mass of bullion would be a forcible and artificial inflation of the currency, which could not fail to produce disaster to all the material interests of the country.

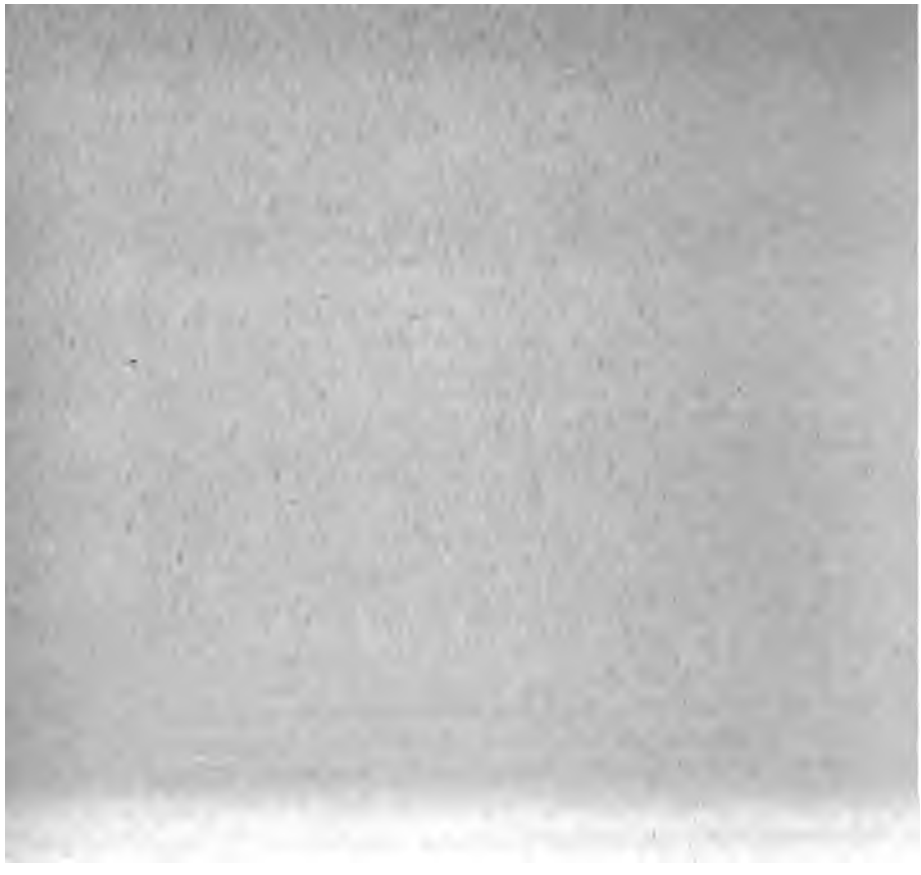
Of course, such an arrangement would be all that the silver interests could desire. For them, indeed, it would be a far better protection than the Bland Act. But this advantage would be only temporary; for when the scheme broke

down of its own weight, as sooner or later it must, the miners would be exposed to ruin from the consequent derangements.

The only wholesome treatment of this question is to repeal the Silver Coinage Act. That done, we should add $25,000,000 to our yearly exports, instead of locking up so much of our national product as dead capital in the Treasury; while that increase of exports would give us a greater command of European gold and thereby strengthen our international position in this question. Europe, and especially England, would then be compelled to earnestly consider measures for placing the double standard upon a broad and lasting international basis; and as such a disposition began to manifest itself, the silver market would so far sympathize as to amply compensate producers for any losses they might suffer from a temporary fall in bullion.

HENRY CLEWS.

Bad as the situation is, in respect to this vast mass of the world's circulating medium, yet it is far from being a hopeless one. The more serious it becomes, the nearer will be the remedy. The derangements to commerce and to immense vested interests must ultimately become so serious, that the nations which now obstruct the application of a remedy will be compelled to submit to the necessities of an imperative danger, and the end will probably be that a coinage union will be established between the great nations, on a basis broad enough to give stability to this form of money beyond all possibility of future disturbance.



CHAPTER XLV.

THE LABOR QUESTION.

HARMONY BETWEEN THE REPRESENTATIVES OF CAPITAL AND LABOR NECESSARY FOR BUSINESS PROSPERITY.—IF MANUFACTURERS SHOULD COMBINE TO REGULATE WAGES, THE ARRANGEMENT COULD ONLY BE TEMPORARY.—THE WORKINGMEN ARE TAKEN CARE OF BY THE NATURAL LAWS OF TRADE.—COMPETITION AMONG THE CAPITALISTS SUSTAINS THE RATE OF WAGES.—OPINION OF JOHN STUART MILL ON THIS SUBJECT.—COMPELLING A UNIFORM RATE OF PAY IS A GROSS INJUSTICE TO THE MOST SKILFUL WORKMEN.—THE TENDENCY OF THE TRADES UNIONS TO DEBAR THE WORKINGMAN FROM SOCIAL ELEVATION.—THE POWER OF THE UNIONS BROUGHT TO A TEST.—THE UNIVERSAL FAILURE OF THE STRIKES.—REVOLUTIONARY DEMANDS OF THE KNIGHTS OF LABOR.—GOULD AND THE STRIKES ON THE MISSOURI PACIFIC, &c., &c.

THERE is no influence to which business circles are more sensitive than the disruption of harmony between capital and labor. Whatever affects the productiveness of labor affects, more directly than any other cause, the national prosperity and the welfare of all classes of society. The value of the vast aggregate of corporate property represented on the Stock Exchange is vitally dependent on the maintenance of such relations between the employed and employing classes as contribute to the highest welfare of both and to the largest possible national production; and, therefore, whatever tends to imperil such relations becomes a source of serious disturbance to the stock market, to financial interests at large, and to the best interests of labor itself.

There appears to be an idea, in certain quarters, that the modern concentration of capital into large masses has made it necessary for workmen also to organize themselves into

large bodies, sinking their individual rights and liberties and selling their labor *en masse*. For my part, I am unable to see the force of this reasoning, although I cannot but respect the ability of some authorities by which it is sanctioned. It seems to assume that large employers of labor have more power to depress wages than smaller ones; and from this it is inferred that it is necessary for workmen to combine to protect themselves against this supposed increased exposure to aggression from capital. But is either the premise or the conclusion sound? In order to concede the assumption we must suppose that large employers can cease to be competitors for labor; for in no other way can they depress wages. But this can never happen; for capitalists will always produce to the fullest extent compatible with an average rate of profit, and this ensures the largest possible demand for labor and, therefore, the highest possible rate of wages. If employers combined to force the rate of wages down, as workmen do to force it up, they would undoubtedly be able to compel a temporary reduction in the remuneration of labor.

But, of necessity, such an artificial depression of wages could only be temporary; for what was thus taken by force from labor would make manufacturing so unusually profitable that new capital would be immediately attracted to it, and the consequent additional demand for labor would necessitate an advance in wages, which the combined manufacturers would be compelled to pay. As a matter of fact, manufacturers do not combine to regulate wages, not only because of the reasons just stated, but also because they know that no such combination could be maintained in the face of the jealousies and conflicting interests that always exist among them. If, then, it is true that manufacturers are compelled by the necessities of competition to pay as much for labor as it is for the time-being worth, and, if they do not and cannot combine to depress wages, I am unable to see where arises the necessity for the workmen to com-

bine for the purpose of protecting themselves against capital.

The workingmen are taken care of by the natural laws of trade far more perfectly than they can be by any artificial arrangement; and trades unions are simply an intrusion upon the domain of those laws, without the power to supplement or perfect their operation, and with a certainty of obstructing and perverting their tendency, with the inevitable result of mischief to all parties. If the unions do occasionally get an advance in wages, it would have come by the natural laws of competition among the capitalists. It might be delayed for a time, but if you calculate the loss of wages and suffering entailed by the strike, I think the workmen would be safer in the end to wait for the natural advance. I am clearly borne out in this view of the case of the capitalist by that great political economist, philosopher and thinker, John Stuart Mill, who was certainly no enthusiastic friend of the capitalist, and is an acknowledged friend of labor as widely as his writings are known, which is almost as extensive as civilization itself.

After laying down the principles of Socialism, Mill says:

"Next, it must be observed that Socialists generally, and even the most enlightened of them, have a very imperfect and one sided notion of the operation of competition. They see half its effects, and overlook the other half; they regard it as an agency for grinding down every one's remuneration —for obliging every one to accept less wages for his labor, or a less price for his commodities, which would be true only if every one had to dispose of his labor *or his commodities to some great monopolist, and the competition were all on one side.* They forget that competition is the cause of high prices and values as well as of low; that the buyers of labor and of commodities compete with one another as well as the sellers; and that if it is competition *which keeps the prices of labor and commodities as low as they are,* it is competition which prevents them from falling still lower. In truth, when competition is perfectly free on both sides, its tendency is not specially either to raise or to lower the price of articles, but to equalize it; to level inequalities of remuner-

ation, and to reduce all to a general average, a result which, in so far as realized (no doubt very imperfectly), is, on Socialistic principles, desirable. But if, disregarding for the time that part of the effects of competition which consists in keeping up prices, we fix our attention on its effect in keeping them down, and contemplate this effect in reference solely to the interest of the laboring classes, it would seem that if competition keeps down wages, and so gives a motive to the laboring classes to withdraw the labor market from the full influence of competition, if they can, it must on the other hand have credit for keeping down the prices of the articles on which wages are expended, to the great advantage of those who depend on wages. To meet this consideration Socialists, as we said in our quotation from M. Louis Blanc, are reduced to affirm that the low prices of commodities produced by competition are delusive, and lead in the end to higher prices than before, because when the richest competitor has got rid of all his rivals, he commands the market and can demand any price he pleases. Now, the commonest experience shows that this state of things, under really free competition, is wholly imaginary. The richest competitor neither does nor can get rid of all his rivals, and establish himself in the exclusive possession of the market; and it is not the fact that any important branch of industry or commerce formerly divided among many has become, or shows any tendency to become, the monopoly of a few.

The kind of policy described is sometimes possible where, as in the case of railways, the only competition possible is between two or three great companies, the operations being on too vast a scale to be within the reach of individual capitalists; and this is one of the reasons why businesses which require to be carried on by great joint-stock enterprises cannot be trusted to competition, but, when not reserved by the State to itself, ought to be carried on under conditions prescribed, and from time to time, varied by the State, for the purpose of insuring to the public a cheaper supply of its wants than would be afforded by private interest in the absence of sufficient competition. But in the ordinary branches of industry no one rich competitor has it in his power to drive out all the smaller ones. Some businesses show a tendency to pass out of the hands of many small producers and dealers into a smaller number of larger ones; but the cases in which this happens are those in which the

possession of a larger capital permits the adoption of more powerful machinery, more efficient, by more expensive processes, or a better organized and more economical mode of carrying on business, and thus enables the large dealer legitimately and permanently to supply the commodity cheaper than can be done on the small scale; to the great advantage of the consumers, and therefore of the laboring classes, and diminishing, *pro tanto*, the waste of the resources of the community so much complained of by Socialists, the unnecessary multiplication of mere distributors, and of the various other classes whom Fourier calls the parasites of industry. When this change is effected, the larger capitalists, either individual or joint-stock, among which the business is divided, are seldom, if ever, in any considerable branch of commerce, so few as that competition shall not continue to act between them; so that the saving in cost, which enabled them to undersell the small dealers, continues afterwards, as at first, to be passed on, in lower prices, to their customers. The operation, therefore, of competition in keeping down the prices of commodities, including those on which wages are expended, is not illusive but real, and we may add, is a growing, not a declining fact."

One principle of the unions is exceedingly unjust to the workingmen to the last degree. It starts with the assumption that all workmen are equal in their capacity as to the quality of service or work and the quantity of production; and upon this false assumption is based the injustice of compelling all members to bind themselves to a uniform rate of pay. A greater injustice and a more flagrant inequity cannot be found in the whole range of the world's social institutions; nor is the wrong the less culpable because the members voluntarily inflict it upon themselves; for as "no man liveth unto himself" but has dependents for whom he is bound to do the best in his power, so no man is free to throw away to the less industrious or less competent what his superior abilities and industry have earned for himself.

This levelling system is not only in defiance of the law of varied endowment which the Creator has incorporated into

the constitution of humanity, but it tends to bind into one cast-iron man the entire working community, debarring them from all chances of progress and consigning them to a degrading condition of semi-slavery or serfdom. Time was when the way was clear to any workingman in this country to the highest positions of wealth, or of social standing or political influence. As a matter of fact, a large proportion of our present successful merchants, and not a few even of our millionaires, are men who have risen from the ranks of labor. The first steps in their progress were won by the superiority of their skill or faithfulness as workmen, which qualified them to rise step by step to higher achievements. Then, the workman was free to rise according to his abilities and his character; he was the free ruler of his own destiny. Now, it seems the tendency of the trades unions is to obliterate all such distinctions and virtually debar the workman from the possibility of earning a rank among his fellowmen proportioned to his merits; and on this plan the American workman would be as completely cut off from the chances of social elevation, as was the American slave twenty-five years ago. This would be a terrible degradation, of which every man who enjoys the rights of American citizenship should deem himself incapable and feel ashamed.

However much political leaders, and even some who rejoice in the reputation of economists, may feel disposed to regard these combinations as a social necessity of the time, and an institution that has come to stay, I cannot resist the conviction that the trades union movement has already seen its culmination and is destined to a steady disintegration, unless the system is greatly modified. The principle of combination is useless unless it can be successfully employed to compel employers to accept the terms of the employees. In fact, it has been almost the sole object of the unions to employ it, through the agency of strikes, to compel the acquiescence of capital Up to a recent period, it has been largely successful in this sense. So long as em-

ployers could at all afford to comply with the demands of labor, they would make considerable sacrifices to avoid the inconvenience and loss connected with the interruption of their operations involved in a strike. At last, however, the workingmen advanced their demands to a pitch so seriously threatening to industry and so vitally dangerous to the material interests of the country at large, that employers saw, with common consent, that the time had come when a square issue must be made with this modern invasion on their rights.

The spring of 1886 will always be memorable, for its having brought to a fair test the power and principles of trades-unionism. Strikes were suddenly initiated on a stupendous scale, upon the railroads, among the western factories, and among the larger employers in the Middle States, partly to enforce demands for higher wages, partly to shorten the time of work to eight hours a day, and above all, to compel employers to recognize the leaders of the unions in determining the conditions of employment and to submit all disputes between the two parties to arbitration. Employers, simultaneously, but without any concert of action, met the challenge squarely. They refused to concede the demands made; they in many instances declined to recognize the officers of the unions; they proceeded promptly to fill the places of the strikers with non-union men, and refused to make formal conditions with returning strikers; they brought to bear upon the leaders of the strikes the laws against conspiracy; and they took the "boycotters" before the courts. The result of this treatment was an almost universal failure of the strikers; the declaration by the courts that the compulsory methods of the unions are illegal, and in the nature of conspiracies; the throwing out of employment of tens of thousands of union employees, and the exhaustion of the funds raised by the unions for enforcing their coercive tactics.

The result of the contest was that, within one brief month,

the power of the unions was shown to be weakness itself; employers everywhere discovered the intrinsic importance of the combinations they had so much before dreaded, and very many respectable and reflecting members of the unions felt themselves discredited in the eyes of the public, while their faith in the efficiency of their system of supposed protection was seriously shaken. After this, if I am not seriously mistaken, employers will find that they have much less to fear from trades-unions than they had once supposed. A defeat so fundamental as this, is likely to be followed by the gradual dispersion of the formidable array of united workmen. Such a result is no more than is to be reasonably expected from an organization based upon no great truth and no sound principle, but resting upon popular ignorance and misconception of the natural laws governing society.

During the progress of the recent strikes, I had occasion to make frequent allusions to the course of events, from which I may be permitted to make the following quotations :

(The following appeared on the 3d of May.)

"The Knights of Labor have undertaken to test, upon a large scale, the application of compulsion as a means of enforcing their demands. The point to be determined is, whether capital or labor shall, in future, determine the terms upon which the invested resources of the nation are to be employed.

"To the employer it is a question whether his individual rights as to the control of his property shall be so far overborne as not only to deprive him of his freedom, but also expose him to interference seriously impairing the value of his capital. To the employees, it is a question whether, by the force of coercion, they can wrest, to their own profit, powers and control, which, in every civilized community, are secured as the most sacred and inalienable rights of the employer.

"This issue is so absolutely revolutionary of the moral relations between labor and capital, that it has naturally produced a partial paralysis of business, especially among industries whose operations involve contracts extending into

the future. There has been at no time any serious apprehensions that such an anarchical movement could succeed, so long as American citizens have a clear perception of their rights and their true interests; but it has been distinctly perceived that this war could not fail to create a divided, if not a hostile feeling, between the two great classes of society; that it must hold in check not only a large extent of ordinary business operations, but also the undertaking of those new enterprises which contribute to our national progress, and that the commercial markets must be subjected to serious embarrassments.

"From the nature of the case, however, this labor disease must soon end one way or another; and there is not much difficulty in foreseeing what its termination will be. The demands of the Knights and their sympathizers, whether openly expressed or temporarily concealed, are so utterly revolutionary of the inalienable rights of the citizen, and so completely subversive of social order, that the whole community has come to a firm conclusion that those pretensions must be resisted to the last extremity of endurance and authority; and that the present is the best opportunity for meeting the issue firmly and upon its merits. The organizations have sacrificed the sympathy which lately was entertained for them, on account of inequities existing in certain employments; they stand discredited and distrusted before the community at large as impracticable, unjust and reckless; and, occupying this attitude before the public, their cause is gone and their organization doomed to failure. They have opened the flood gates to the immigration of foreign labor, which is already pouring in by tens of thousands; and they have set a premium on non-union labor, which will be more sought after than ever, and will not be slow to secure superior earnings by making arrangements with employers upon such terms and for such hours as may best suit their interests. Thus, one great advantage will incidentally come out of this crisis beneficial to the workingman, who, by standing aloof from the dead-level system of the unions, will be able to earn according to his capacity, and thereby maintain his chances for rising from the rank of the employee to that of the employer. This result cannot be long delayed, because not only is loss and suffering following close upon the heels of the strikers, but the imprudences of their leaders are breeding dissatisfaction among the rank

and file of the organizations, which if much further protracted, will gravely threaten their cohesion. It is by no means certain that we may not see a further spread of strikes, and possibly with even worse forms of violence than we have yet witnessed; but, so long as a way to the end is seen, with a chance of that end demonstrating to the organizations that their aspirations to control capital are impossible dreams, the temporary evils will be borne with equanimity. The coolness with which the past phases of the strikes have been endured, shows that the steady judgment of our people may be trusted to keep them calm under any further disturbance that may arise.

"Prior to the strike in the Missouri Pacific, Jay Gould was one of the most hated men in the people. He was anxious to have public respect and sympathy. He had made all the money he wanted, and was willing to spend part of it in gaining the respect and honor of the country. What his money could not do for him this strike on the Missouri Pacific has done. The sympathy and good-will which previously were with the strikers have been shifted from them to him. There is no doubt that the strikers selected the Missouri Pacific because it was a property with which Gould was known to be most largely identified, and because they thought that general execration would be poured out on him in any event. But, instead of injuring Mr. Gould, they have done him inestimable service.

"The timely and forcible action of Mayor Harrison, of Chicago, will put dynamiters and rioters where they belong, and thus divide the sheep from the goats in a very short time. If officials would sink political bias, the country would soon be rid of law-breakers and disturbers of the peace. As this plan of treatment has now been adopted, it will be far reaching in its effect, and stop mob gatherings, riotous speech-making, and other such bad incentives, which recently have been so conspicuous in Chicago, Milwaukee, St. Louis, and elsewhere. The laboring classes, who are parties to the strike, will now have an opportunity to retire to their homes, where there will be more safety than in the streets, which will bring to them reflection. They will then soon become satisfied that they are the aggrieved parties, and the not unlikely result will be their turning upon their leaders, who have deceived them.

"There have been numerous vacancies created by the strik-

ers voluntarily resigning. There has been no difficulty in filling these vacancies by those who are equally capable, if not more so, from other countries flocking to our shores. The steam ferry between this country and Europe has demonstrated this by the steamer just arrived in six days and ten hours from European shores to our own. As the separation between the oppressed operatives of the Old World and America is thus reduced to hours, Europe will quickly send to us all the labor we need to meet all such emergencies.

"The laboring man in this bounteous and hospitable country has no ground for complaint. His vote is potential, and he is elevated thereby to the position of man. Under the government of this nation, the effect is to elevate the standard of the human race and not to degrade it. In too many other nations it is the reverse. What, therefore, has the laborer to complain of in America? By exciting strikes and encouraging discontent he stands in the way of the elevation of his class and of mankind.

"The tide of emigration to this country, now so large, makes peaceful strikes perfectly harmless in themselves, because the places of those who vacate good situations are easily filled by new-comers. When disturbances occur under the cloak of strikes it is a different matter, as law and order are then set at defiance. The recent outbreaks in Chicago, which resulted in the assassination of a number of valiant policemen through a few cowardly Polish Nihilists firing a bomb of dynamite in their midst, was the worst thing that could have been done for the cause of the present labor agitation, as it alienates all sympathy from them. It is much to the credit, however, of Americans and Irishmen that, during the recent uprisings, none of them have taken part in any violent measures whatsoever, nor have they shown any sympathy with such conduct.

"If the labor troubles are to be regarded as only a transient interruption of the course of events, it is next to be asked, what may be anticipated when those obstructions disappear? We have still our magnificent country, with all the resources that have made it so prosperous and so progressive beyond the record of all nations. There is no abatement of our past ratio of increase of population; no limitation of the new sources of wealth awaiting development; no diminution of the means necessary to the utiliza-

tion of the unbounded riches of the soil, the mine, and the forest. Our inventive genius has suffered no eclipse. In the practical application of what may be called the commercial sciences, we retain our lead of the world. As pioneers of new sources of wealth, we are producing greater results than all the combined new colonizing efforts which have recently excited the aspirations of European governments. To the over-crowded populations of the Old World the United States still presents attractions superior to those of any other country, as is demonstrated by the recent sudden revival of emigration from Great Britain and the continent to our shores."

CHAPTER XLVI.

AN IMPORTANT SYNOPSIS.

A Resume in Brief of the Leading Events Connected with Wall Street Affairs for Seventy-seven Years.

December, 1816.—The first savings banks in the United States went into operation.

July, 1820.—Great financial distress throughout America. The causes were excessive importations and a deranged currency.

August, 1833.—There was great commercial distress, caused by contraction by the United States Bank. The bank defended its course on the ground of the evident hostilities of the Administration, the public deposits, amounting to $10,000,000, having been withdrawn by order of the President.

May, 1837.—In this year commercial distress prevailed throughout the United States. On May 10th all the banks in New York city, by common consent, suspended specie payments, banks throughout the country following the example. In New York about 300 large failures took place. In Boston 168 failures were reported. In New Orleans houses stopped payment owing an aggregate of $27,000,000.

May, 1838.—The banks of New York and New England resumed payment after the suspension due to the panic of 1837. The Philadelphia banks resumed in August, 1838, and in January, 1839, there was nominal resumption throughout the country.

July, 1840.—The bill organizing the United States Sub-Treasury became a law. The act was repealed in 1841, but was re-enacted in 1846.

October, 1842.—The first submarine telegraph cable, the invention of Prof. Morse, was laid between Governors' Island and the Battery, New York, October 18th.

January, 1844.—The first telegraph line in the United States was erected. The telegraph was invented by Morse in 1837.

August, 1851.—The depression of this year reached its height on the 13th. A bad credit system had been in vogue, trade with California had not met expectations, imports had been large, exports of gold heavy, cotton declined in Europe, the banks contracted, property was sacrificed to raise ready money, mercantile credit was disturbed everywhere, and distress was general in all the cities. In Wall street large blocks of stock were unloaded and the market was broken. Erie went from 90 to 68¾. Later in the month money became easier, prices advanced, and the market resumed its ordinary aspect.

October, 1851.—Panic regarding the value of State money. The Metropolitan Bank made war on the country banks to compel them to deposit with it against their notes, which were extensively circulated in the city. After receiving their bills the Metropolitan Bank demanded their redemption in specie. This led to many suspensions. The bills were well secured by State stocks, and the Metropolitan continued to receive them As brokers refused to take State moneys of any kind there was a rush to the Metropolitan, and a panic prevailed. Ultimately the brokers bought the bills at a discount and made large profits. Their purchases gradually restored confidence, but not before four country banks had failed.

July, 1853.—A panic in the stock market in consequence of bank contraction. The State Legislature enacted that the banks should publish weekly, in the New York *Times*, statements of their condition. In preparing for this statement the banks called in a large portion of their loans, and

ran after each other for specie. The panic was of short duration.

October, 1853.—Simeon Draper, a railroad banker, failed. ——Stocks were depressed on the 19th, in consequence of bank contraction. There were several failures.

January, 1854.—California defaulted in its interest on the 1st, and there was much alarm in financial circles in consequence.

February, 1854.—Heavy failures in California.

May, 1854.—The New York, Newfoundland & London Telegraph Company was organized, and was the first company to attempt Atlantic cable telegraphy.

July, 1854.—Robert Schuyler, President of the New York & New Haven Railroad Company, fraudulently issued nearly $2,000,000 stock of the company. About the same time fraudulent entries, made by Secretary Kyle, were discovered in the stock ledger of the Harlem Company, amounting to about $470,000. Frauds were also discovered in the affairs of the Parker Vein and the Vermont Central railway companies. In consequence there was a rapid decline in the stock market, and many suspensions occurred in New York, Boston and Philadelphia.

September, 1854.—A severe twist in Erie stock on the 13th.

October, 1854.—Frauds on the Ocean, American Exchange and National banks were discovered.

December, 1854.—There was a severe run on the savings banks of the city of New York on the 9th.

September, 1855.—A financial panic in San Francisco and many failures of prominent bankers.

September, 1856.—Charles B. Huntington committed forgeries amounting to $15,000,000 or $20,000,000. The forgeries were used as collateral security for raising money, and for a time were taken up before maturity.

April, 1857.—Freight-train men on the Baltimore & Ohio struck. Trains were molested and many fights occurred. The military were called out and a desperate fight ensued, in which many were killed and wounded.

August, 1857.—The financial panic of this year began on the failure of the Ohio Trust Company, with liabilities about $7,000,000. Banks either failed or suspended specie payments everywhere. The New York banks resumed in December. Business was generally prostrated until the following spring, when improvement became perceptible.

July, 1860.—Congress authorized a war loan of $250,000,000. The National debt was $64,640,838.11 It reached $2,756,431,571, its greatest point, in 1885.

August, 1860.—Treasury notes to the amount of $50,000,000 were authorized by Congress.——The first well ever sunk for oil, and the first petroleum ever obtained by boring. The well was at Titusville, Oil Creek, Pa. It gave 1,000 barrels a day. This was the beginning of the petroleum business.

December, 1860.—The Southern banks suspended specie payment on the 12th.

April, 1861.—The lowest price at which United States bonds sold during the war was 75 for the 5s of 1874, quoted in this month.

December, 1861.—The National Bank system was recommended by Secretary Chase.——A premium for gold was quoted at the New York Stock Exchange for the first time, on the 30th.

April, 1862.—Gold was first quoted at a premium on the 12th, and by October 1 it had advanced to 123.

February, 1864.—Speculation in stocks was "rampant" and "wild."

March, 1864.—There was a panic in the coal stocks on the 10th.——The month was noted for a rapid rise in gold.

April, 1864.—A semi-panic in Wall street on the 18th.

June, 1864.—National currency to the amount of $300,000,000 was authorized by Congress. The full amount was issued before the close of 1867.

August, 1864.—Gold touched 261¼, its highest point.

July, 1865.—The Stock Exchange made a rule inflicting a penalty on members who attended Gallaher's up-town night Exchange.

August, 1865.—Edward B. Ketchum, a junior partner in a prominent banking house in New York, forged gold certificates to the extent of $1,500,000, and they were negotiated at the banks. In addition he abstracted more than $3,000,000 from the vaults of the firm. The firm failed.

October, 1865.—Call loans were made as high a per cent. and a heavy commission added. Tight money checked a rise in stocks. Money was wanted in the West for the moving of crops. Relief came on the demand from the West subsiding, and by temporary loans from the Sub-Treasury to the banks.

November, 1865.—Prairie du Chien common stock was cornered. On the 6th 29,000 shares were bought at about 40. The trap being sprung 200 and more was demanded, and the shorts settled at rates ranging from 110 to 210. There were several failures. It opened on a Monday at 96; on Tuesday it ranged between 160 and 225, and closed on Saturday at 110.

December, 1865.—The new Stock Exchange building was opened for business on the 9th.

February, 1866.—Toward the close, on February 20th, everybody seemed to want to borrow money, and no one was willing to lend. The market verged on panic. People were

afraid of the course of the Government in selling upwards of $12,000,000 gold.

April, 1866.—Michigan Southern was cornered. The price rose from 84 to 104. The pool closed out and the price dropped to 80 within 24 hours. Other corners were made in the same month in Reading, Rock Island, Hudson River, Cleveland & Pittsburg and Northwestern preferred. Money was plentiful and speculation was rampant.

May, 1866.—The marketing of Erie stock by Daniel Drew caused a drop in its price from 74½ on May 18th to 60½ on May 31st. The movement had very little effect on the remainder of the market.

July, 1866.—A panic in stocks followed the failure of Overund, Gurney & Co., London bankers.

August, 1866.—London markets were first quoted by Atlantic cable in New York.

November, 1866.—There was heavy speculation in stocks, produce, dry goods and real estate. Poor men became rich by a single turn of the wheel. Unexpectedly the Treasury drew about $15,000,000 for its own purposes, money became tight and the bears became very active. Prices declined about 10 points, and outsiders lost upwards of $25,000,000.

December, 1866.—Northwestern preferred and Cumberland Coal were cornered.

January, 1867.—Prices broke on the 18th with a rush. Cumberland Coal declined 55 points, and the general list went off in sympathy. There were several failures. Money was tied up by bear operators.——President Yelverton, of the Bank of North America, on learning of the failure of A. J. Meyer & Co., the firm having overdrawn its account $219,000, was seized with apoplexy and died.

May, 1867.—A pool in Erie was broken by the sale of a large block of English stock.

October, 1867.—Daniel Drew was turned out of Erie, and the stock advanced 10 points.

December, 1867.—Vanderbilt secured control of New York Central.

January, 1868.—A corner in Rock Island was broken, owing to the company throwing 49,000 shares on the market. The stock declined heavily.

February, 1868.—The contest between Drew, Vanderbilt and Frank Worth was at its height.

April, 1868.—There was a break in Atlantic Mail, with subsequent complications.

June, 1868.—An unsuccessful attempt to corner Pacific Mail was made.

July, 1868.—Jay Gould became president of Erie.

October, 1868.—Money became stringent, owing to the withdrawal of funds from New York for the West. The associated banks lost $20,000,000 in deposits and $12,000,000 in legal tenders, with a reduction of only $9,000,000 in loans. Special efforts were made to break the stock market, but the bull leaders had provided themselves with time loans, running to the end of the year, and were thus enabled to hold prices.

November, 1868.—Erie was cornered, and a panic extending through the whole list occurred. It was helped by the inability of a leading operator, a director of St. Paul, to meet puts on that stock. The common and preferred fell about 20 points. Erie made an extraordinary issue of shares. Later on money became more plentiful, prices advanced and the market became very strong.

April, 1869.—A bill to consolidate the New York Central and the Hudson River railroad companies passed the Legislature.

May, 1869.—The New York Stock Exchange and the Open Board of Brokers were amalgamated under one management. The new Exchange began business with 1,030 members and $750,000 in its treasury.——The era of consolidations. Active stocks advanced to prices never before reached. New York Central sold at 192⅛. A movement to depress prices at the close of the month met with some success.——The last rails of the Union Pacific and Central Pacific railroads were laid. Trains began running across the continent on the 15th.

June, 1869.—Many brokers failed, the result of a successful bear attack on the market.

July, 1869.—Heavy speculation in the Vanderbilt stocks. New York Central advanced to 217½. Money was stringent.

September, 1869.—New York Central dropped 25 points on the 22d, and a panicky feeling was developed ——Gold reached 165 on Friday, the 24th—Black Friday. Transactions ran up into hundreds of millions, and business was conducted with so much confusion that bids running from 135 to 160 were made at one and the same time in different parts of the room. Between 11 and 12 o'clock the shorts s ttled on a basis of 148@158, the market price being 5 a 15 higher. At noon it was officially announced that the Government would sell gold next day and buy bonds, and within 15 minutes the price had fallen to 135, and the great speculation had collapsed.

April, 1870.—The cliques who had bought stocks on the decline after Black Friday, started an upward movement in the last week of the month. The public came in and top figures were reached about May 10. The cliques unloaded ,urned bears, depressed prices until margins were wiped

out, bought in again at the decline and were ready for another advance.

May, 1870.—The process of "shearing the lambs" was repeated in this month.

June, 1870.—James Boyd, carrying 40,000 shares of stock and $5,000,000 gold, failed. The market showed signs of breaking, but was sustained by the cliques.

July, 1870.—Congress authorized an addition of $54,000,000 to the national currency.

January, 1871.—A prominent operator repudiated his orders to buy Reading. Several brokers failed in consequence. The market was only slightly depressed.

April, 1871.—There was much speculative excitement in the stock market.

June, 1871.—Rock Island was cornered. The pool began buying at 114½ and advanced it to 130⅞. On liquidation the stock declined to 110. Many failures occurred and bad faith was charged.

October, 1871.—The week beginning October 9, 1871, was one of the most eventful in the history of the Stock Exchange. The banks had expanded beyond precedent and were compelled to contract loans to raise money for crop purposes. The payment by France to Germany in settlement of war claims caused the Bank of England rate to advance from 3 to 5 per cent., and produced a feeling bordering on panic in London. The New York market was very sensitive when news of the Chicago fire came. Prices broke 4@10 points. On Tuesday there was great excitement; sales were enormous and fluctuations wide. On Wednesday there was a rally on the belief that the Government would purchase 5-20s. The lowest prices, however, were made on Thursday. On Friday there was more steadi-

ness and prices were higher. The bank statement was favorable and matters quieted down.

December, 1871.—The Ocean National Bank, the Union Square and the Eighth National Bank failed. Money was scarce, but stocks were firmly held. Operators and brokers were loaded up with stocks and they sustained prices, awaiting an opportunity to get out.

March, 1872.—The Erie revolution occurred. The Board of Directors was overthrown, and Jay Gould resigned the presidency. Gen. Dix became his successor. The operation caused great activity in the stock market, and money became tight.

June, 1872.—Stock dividends on Lake Shore and Michigan Central were declared.

August, 1872.—Gold was cliqued.

September, 1872.—Erie was cornered. The Gould-Smith clique was short of it. The stock first became scarce on purchases by German brokers for foreign account. Then Drew became a heavy purchaser. At the same time the German brokers were long of gold, and with the double idea of punishing them and compelling those carrying Erie to sell out the Gould-Smith clique endeavored to lock up money. This plan was defeated by the refusal of two banks to pay out legal tenders on certified checks. Just then, too, the Government bought $5,000,000 bonds and sold the same amount of gold. This completely broke the speculative manipulation of money, and a panic was averted. During the height of the panic there were no quotations for money. Among the failures of the week were Northrup, Chick & Co., bankers, the Glenham Woolen Manufacturing Co., Paton & Co., dry goods, George Bird, Grinnell & Co., stock brokers, Hoyt, Sprague & Co. and A. & W. Sprague. The banks suspended their weekly statements, and they were not resumed until late in November.

November, 1872.—Jay Gould was arrested on criminal charges based on his management of the Erie Railroad. He surrendered securities, the face value of which was more than $9,000,000, in December.——Northwestern was cornered. It opened Nov. 20 at 83¾ and closed at 95. On Thursday it sold at 100, and at the close on Friday 200 was bid. On Saturday buying in under the rule ran the price up to 230. The settlement was made on the following Tuesday, when the price declined to par, the highest bid made being 85. Jay Gould, Horace F. Clark and Augustus Schell conducted the corner, while the cornered were Drew and Henry N. Smith. It was one of the most profitable corners ever made in Wall street.

February, 1873.—There was a noted corner in Northwestern.

April, 1873.—The preliminary panic of the year occurred in this month. The stock market was uneasy. The failure of a firm of silk importers was followed by that of Barker & Allen, the members of which were related to Vanderbilt. Three other firms also failed. Confidence returned and quiet prevailed until the 26th, when the Atlantic Bank failed. This brought about another depression, which was followed by a quick rally.

May, 1873.—Heavy break in Pacific Mail. The further retirement of greenbacks was prohibited by Congress.

August, 1873.—Fraud was discovered in the issue of certain bonds of the New York Central & Hudson River Railroad.

September, 1873.—The New York Warehouse & Security Company failed on the 8th; Kenyon, Cox & Co., in which Daniel Drew was a special partner, on the 13th, Jay Cooke & Co. on the 18th, and Fisk & Hatch on the 19th. Innumerable brokers failed. There were runs on the Fourth

National Bank and the Union Trust Company. The secretary of the company was a defaulter to the extent of $500,000, and its doors were closed. The Bank of the Commonwealth failed. There was a panic in the stock market, and the excitement ran so high that the Governing Committee closed the Exchange at 11 o'clock on Saturday, the 20th. The Gold Exchange Bank was unable to effect all the clearances, and dealers were unable to get their balances. The result was the temporary suspension of some dozen firms. The Gold Exchange Bank having been enjoined by the courts from making the clearances, the Bank of New York undertook the job and failed in it. Next a committee of 20 was appointed to do the work, but it failed also, because Smith, Gould & Martin refused to render a statement to it. The final settlements were made between members themselves. Smith, Gould & Martin, with contracts amounting to $9,000,000, settled on a basis of 135. Business was resumed on Sept. 30.

December, 1873.—The Credit Mobilier was organized for the construction of the Union Pacific Railroad. It was composed of stockholders of the railway company, and had a capital of $3,750,000. Profits were large, and the stock was quoted at 400. Certain Congressmen were given stock at par on their personal notes, the object being to gain their favor in case adverse legislation was proposed. Oakes Ames, of Massachusetts, was expelled from the House for his connection with the bribery, and James Brooks, of New York, for accepting bribes. Other Congressmen were censured. A proposition to impeach Vice-President Colfax was reported against by the Judiciary Committee.

January, 1874.—The value of the pound sterling was fixed by Congress at $4.86.65.

February, 1874.—Two letters, purporting to come from the Wabash and Western Union companies, were received

by the Stock Exchange, announcing an increase of stock by the directors. The market went off three points before it was discovered that the letters were forgeries.

April, 1874.—The President's veto of the inflation bill unsettled prices and caused depression. The bears raided the market, causing a heavy decline, but a quick recovery followed.

February, 1875.—Wabash went in the hands of a receiver.

May, 1875.—A receiver for Erie was appointed.

July, 1875.—Duncan, Sherman & Co. failed.

August, 1875.—The Bank of California failed. Cashier Ralston committed suicide.

March, 1876.—Jay Gould made his famous attack on Western Union.

April, 1876.—The National Bank of the State of New York failed.

November, 1876.—Many savings banks failed.

January, 1877.—Commodore Vanderbilt died on the 4th.

February, 1877.—Jersey Central went into the hands of a receiver.

July, 1877.—Great railway strikes; rioting and incendiarism in Baltimore and Pittsburgh; losses $10,000,000. Over 100,000 laboring men took part in the movement.

January, 1878.—The Vanderbilt combination, including Michigan Central, Lake Shore and Canada Southern, was made in this month.

February, 1878.—The purchase of silver bullion by the Government to the amount of $2,000,000 to $4,000,000 per month, and its coinage into legal tender dollars, was ordered by Congress on the 28th.

May, 1878.—Congress passed the Resumption Act.

January, 1879.—Specie payments were resumed after the suspension which took place soon after the opening of the war of the rebellion.

April, 1879.—Gould and Field combined, and under their auspices the St. Louis, Kansas City & Northern and Wabash Railways were consolidated. Gould already had control of Union Pacific and Kansas Pacific, and afterward secured control of Missouri Pacific and Denver & Rio Grande.

June, 1879.—Western Union declared a scrip dividend of 17 per cent.

August, 1879.—There was a serious tumble in prices in this month.

October, 1879.—The stock market was very active in October and November. The bull movement of the year was at its height and transactions were so numerous that it was impossible to record them all. The drop came in November.

November, 1879.—William H. Vanderbilt sold 250,000 shares of New York Central & Hudson River stock at 120 to a syndicate headed by J. S. Morgan & Co., of London. Early in the following year the same syndicate took 100,000 shares on the same terms.

May, 1880.—Philadelphia & Reading Railway and Coal and Iron Company failed. There was a flurry in the stock market in consequence.

June, 1880.—A scrip dividend of 100 per cent. to the holders of Rock Island stock on the purchase and consolidation of the Iowa Southern and the Missouri Northern with Rock Island.——A leading German Wall street banking house, in view of the large exports of gold, offered a premium of ⅛ of 1 per cent. for a call on $1,000,000 gold, the privilege to extend for one year.

November, 1880.—The Louisville & Nashville declared a 100 per cent. stock dividend.——Western Union declined from

104⅛, on November 22d, to 77½ on December 17th.——Jay Gould purchased most of the stock of the Denver, South Park & Pacific Railroad, in the following month a large block of Iron Mountain and a majority of the International & Great Northern.

December, 1880.—Seats in the New York Stock Exchange sold at $25,000. A great number of new securities were listed. So numerous were the combinations, consolidations and extensions of railways that in many cases the analogy with former periods was lost, and comparisons as to earnings were of little value. In 1886 seats in the Exchange sold at $35,000. In December, 1870, when speculation was stagnant and the market was clear of all outsiders, seats sold at $3,000.——B. G. Arnold & Co., the largest coffee importing house of New York, suspended. They were the principals in a combination to corner Java coffee, and met disaster in the attempt.

January, 1881.—Western Union, American Union and Atlantic & Pacific consolidated. The former company declared a stock dividend of 38¼ per cent. The capital stock was made $80,000,000.

February, 1881.—Call loans were made at 1 per cent. per day on the 25th.

May, 1881 —The Gould southwestern railway system was consolidated.

July, 1881.—President Garfield was shot by Guiteau. The stock market broke on the news of the shooting, and a panic was only prevented by the intervention of Sunday and the National holiday on Monday.——The Oregon war debt was paid.

August, 1881.—There was heavy speculation in wheat and corn in Chicago and New York. Money became scarce, and call loans were made at interest and commission.

September, 1881.—The Hannibal & St. Joseph corner.

January, 1882.—The trunk line railway war of rates was settled.——Gould and Huntington purchased a controlling interest in the St. Louis & San Francisco Railway and half the ownership of the Atlantic & Pacific Railway.

February, 1882.—The market showed some animation early in 1882, but it soon collapsed and became very weak. Bottom was touched on the 23d, the recovery being based on talk of a settlement of the then existing trunk line rate war.——Richmond & Danville plunged from 219 to 130 and a semi-panic ensued on the Stock Exchange.

March, 1882.—To allay reports that he was in financial straits, Mr. Gould, on the 13th, displayed his wealth. He took from a tin box $23,000,000 Western Union, $12,000,000 Missouri Pacific, $6,000,000 Manhattan Elevated, $2,000,000 Wabash common, and $10,000,000 bonds of Metropolitan, New York Elevated and Wabash preferred. He offered to show $30,000,000 additional railway stocks, but his visitors had seen enough.

October, 1882.—A syndicate headed by the late W. H. Vanbilt purchased 124,800 shares of the common and 140,500 shares of the preferred stock of the New York, Chicago & St. Louis Railway at 13 and 37 respectively. This stock afterwards became the property of the Lake Shore & Michigan Southern Railway.

December, 1882.—The Municipal Bank of Shopin, Russia, failed with liabilities of $60,000,000.——The railway war in the Northwest lasted from September until December 15. On the announcement of the settlement the market improved and the year closed with a better feeling all around.

February, 1883.—Western Union absorbed Mutual Union by lease, the rental being interest at 6 per cent. on $5,000,000 bonds and 6 per cent. on $2,500,000 stock.

March, 1883.—A block of Hannibal & St. Joseph stock was sold to Chicago, Burlington & Quincy. At the same time Wabash was leased to Iron Mountain.——From the 19th until the close of the month there was great depression. Money on call loaned at 4@25 per cent. The public was heavily loaded with stocks.

May, 1883.—Jersey Central was leased to Reading.

June, 1883.—The National Petroleum Exchange and the New York Mining Stock Exchange consolidated.—— McGeoch, Everingham & Co., of Chicago, failed in consequence of an unsuccessful attempt to corner the lard market. The firm lost $6,000,000.——The movement against the circulation of trade dollars at par was begun in Philadelphia and extended throughout the country.

July, 1883.—Western Union Telegraph operators struck for increased pay. The strike lasted a month and ended in failure.

October, 1883.—A notable feature of 1883 was the gigantic losses made in speculative operations. The failures of McGeoch, of Chicago, and Ranger, of Liverpool, were notorious instances, but thousands of private individuals were squeezed out by the pressure.——In the summer and fall of this year there had been a shrinkage in prices of stocks, when, in October, the Northern Pacific Company announced a proposed issue of $20,000,000 new bonds. This precipitated a heavy decline in nearly the whole list. The market became largely oversold, when a sharp twist was made in a number of stocks, and prices advanced with great rapidity. Northern Pacific preferred jumped from 56 to 78½ within a few days, and Oregon & Transcontinental went from 34½ to 51. Then Vanderbilt came into the market and put up Michigan Central from 77 to 96½, and the other Vanderbilt stocks to a less extent. Great depression followed this manipulation.

December, 1883.—The mercantile failures in 1883 amounted to $173,000,000, against $81,000,000 in 1881.——The triple alliance between Union Pacific, Rock Island and St. Paul was made.——Villard resigned from Oregon & Transcontinentaland Oregon Railway & Navigation.

January, 1884.—Firmness in the market on the announcement that a syndicate had made a large loan to Oregon & Transcontinental on the pledge of its stocks. A quick move against the shorts caused a sharp advance.——Henry Villard resigned the presidency of the Northern Pacific Railroad.——John J. Cisco & Co., New York bankers, failed.——The surplus reserve of the New York National banks was wiped out.——James R. Keene, operator in wheat, failed.

March, 1884.—There was a squeeze in New York Central. It sold up to 122.——Delaware, Lackawanna & Western was cornered, and its price was run up to 133½ regular and 139½ cash. S. V. White managed the pool. Another move in the same stock was made later in the year. The pool closed out at an average of 102. Then the stock dropped to 86½.

May 6, 1884.—The Marine Bank failed May 6th, wrecked by Grant & Ward. Grant & Ward suspended two days later

May, 1884.—During the panic the New York banks issued Clearing House certificates to the extent of $24,915,000, of which $7,000,000 went to the Metropolitan Bank. Similar certificates, to the amount of $26,565,000, were issued in the panic of 1873.——The height of the panic was reached on the 14th. The storm had been brewing for nearly three years, but it was in no sense a commercial panic. Stock Exchange values had shrunk to an unparalleled degree, and the crash was precipitated by the developments regarding Grant & Ward, John C. Eno, Fish, of the Marine Bank, and a few others. The disturbance was over by July 1.——The Metropolitan Bank failed. Eno's frauds on the Second

National Bank discovered. George I. Seney failed. The Atlantic Bank failed.

June, 1884.—The greatest depression following the May panic was reached. Large overselling led to a sharp rally. ——Charles Francis Adams, Jr., became president of the Union Pacific.

August, 1884.—The Wall Street Bank failed.

November, 1884.—The Metropolitan Bank, on May 15th had $11,294,000 in deposits; on October 1st $1,338,000, and in November it went into liquidation and retired from business.

December, 1884—The Lackawanna pool of 1884 closed out its holdings on the 12th, and there being no further support to the market prices declined, and the year closed with much depression.——The largest corn crop ever grown in the United States was that of 1884. It was estimated at 1,800,000,000 bushels.

January, 1885.—Henry N. Smith, a noted bear operator, failed, and carried down with him the brokerage firm of William Heath & Co.

November, 1885.—The trunk lines came to an agreement and advanced rates. This gave confidence, and an upward movement was started. The Vanderbilts and the Grangers were the features of the market.

December, 1885.—Texas Pacific stock collapsed. A receiver was appointed for the property on the suit of the Missouri Pacific, a large holder of its floating debt.——William H. Vanderbilt died suddenly on the 8th. The fact was not known down town until after business hours, but it had a very unsettling influence. The next morning the market opened 1@3 points lower, but the bulls had combined to support prices, and bought freely. In many instances prices were higher at the close than on the previous day.

February, 1886.—The transcontinental pool was ruptured. The railroads declined to continue to pay the subsidy demanded by Pacific Mail.

March, 1886.—Western Union declared a scrip dividend of 1½ per cent. for the quarter. The scrip was made convertible into stock, and carried the same rate of interest as the stock.——The representatives of the coal companies met at a dinner party and reached "an agreement among gentlemen" that the anthracite coal production for the year should not exceed 33,250,000 tons.——F. B. Gowen joined the Drexel-Morgan syndicate for the reorganization of Reading. The announcement caused a rapid advance in all coal stocks.——The great strike on the Gould system of railroads, inaugurated on the 7th, failed.——Heavy engagements of gold for shipment abroad were made.

April, 1886.—Wabash, St. Louis & Pacific were sold in foreclosure.——Labor strikes at their height. The Lake Shore switchmen struck in Chicago, and the Third Avenue horse car drivers in New York. The troubles had a depressing influence on the stock market.

May, 1886.—Charles Woerishoffer, bear operator, died May 9.——Chicago anarchists attacked the police with bombs, killing and wounding many. Police used revolvers freely and many rioters fell. Anarchists were sentenced to death.——The strike on the Southwestern system was officially declared off on the 1st. The men were completely beaten after a contest of six weeks.——Tasker Marvin, bull operator, failed. Marketing of long stock caused decline. The depression was aided by existing labor troubles.

June, 1886.—Western Union passed its dividend.

November, 1886.—The managers of the trunk lines reaffirmed the presidents' agreement of the previous year to maintain rates.——Richmond & West Point Terminal became very active and strong on the purchase by the company of the

control of Richmond & Danville.——There were extraordinary buoyancy and speculative activity in stocks. Low priced non-dividend payers were largely dealt in. One specialty after another was "boomed," and in some instances large profits were made.

December, 1886.—About $10,740,000 in gold was imported at New York during the month.——Prices toppled over on the 15th. All kinds of cheap stocks had been boomed by cliques, when, on money becoming tight, there was a rush to realize. Sales reached the unprecedented figure of 1,095,159 shares. The most conspicuous stocks in the decline were Philadelphia & Reading and New York & New England. No financial disaster or failure of importance occurred. There was much uneasiness for several days, but a better feeling soon set in, although speculation was checked by the prevailing high rate for money.——The Inter-State Commerce bill was introduced in Congress.

January, 1887.—On a report that Hocking Valley had suffered by irregularities of former directors, stock broke 1½ points. The consumption of iron in the United States exceeded that of Great Britain for the first time in 1886. The Inter-State Commerce Bill was passed by the House Jan. 21, by a vote of 5 to 1. European war rumors caused foreign selling and a break in the market of 2 to 5 points. There was a complete recovery on the following day.

CHAPTER XLVII.

INTERNATIONAL SIGNIFICANCE OF THE BARTHOLDI STATUE.

GREAT AS AN ACHIEVEMENT OF ART, BUT GREATER AS THE EMBODIMENT OF THE IDEA OF UNIVERSAL FREEDOM THE WORLD OVER.—IT IS A POETIC IDEA OF A UNIVERSAL REPUBLIC.—ENLIGHTENMENT OF THE WORLD MUST RESULT IN THE FREEDOM OF MAN.

THE following was sent by me to the New York *World*, as briefly embodying my views on Bartholdi's great work, a few days prior to the dedication of the Statue of Liberty:

"When, several years ago, the gigantic forearm, with the torch in its hand, of the Statue of Liberty was exhibited in Madison square, the people who gazed at it with idle curiosity had little idea that the mammoth structure of which it was a part would so soon be completed, or that it would be so great an achievement as it now stands. Thanks to the New York *World*, which gave the impetus to the subscription fund movement, which enabled the great sculptor to realize the greatest artistic dream of his life within a reasonable period. Some people may imagine that the time has been long, but many people who understood the magnitude of the work, and observed the slowness of the subscriptions, had no hope of seeing it finished in this generation prior to the time the subscription for the pedestal was under way.

"Until the last few days, when this colossal goddess arose on Bedloe's Island in all her full, finished and magnificent proportions and artistic splendor, like the ancient divinity emerging from the foam of the sea, the people did not begin to realize the magnitude of Bartholdi's idea. In mere mechanical size the statue with its appurtenances excel anything and everything of the same character in the world.

It is the biggest thing of its kind either ancient or modern, and is, therefore, the most appropriate emblem to show forth the evolution and the international and historic associations of the two greatest Republics that the world has yet seen. The Colossus of Rhodes, the great Sphinx and other colossal statues sink into insignificance when compared with the latest production of Bartholdi's brain.

"But great as the statue is as a work of art, the international idea which it embodies is greater still. When taken in connection with that earlier and comparatively insignificant effort of the same eminent artist, the Statue of Lafayette in Union square, the Colossus of Liberty suggests a whole century of history, replete with greater events than the thousand years which preceded it. In these two statues the interdependence of the two great nations is clearly portrayed, and their destiny as the pioneers of universal Republicanism brought out in bold relief. If Tennyson's poetic dream of a universal Republic is ever to be realized it will come through the idea which the chisel of Bartholdi has immortalized, and which the *World* has been chiefly instrumental in providing with a local habitation and a name on Bedloe's Island. European monarchs are now trembling on their thrones, which are doomed to crumble into ruins at no distant day, through the very idea which 'The Statue of Liberty Enlightening the World' is destined to propagate from this day forward in its imposing position in our spacious harbor. The Israelites of old were cured of their bodily maladies by gazing at a serpent erected on a pole. In a similar way the politically afflicted and oppressed of all nations, as soon as they emerge through the narrows of our magnificent bay, either by day or night, will find a panacea for all their ills in the sight of that wonderful statue, with all that its name implies.

"And one word as to what is in that name which has been so severely criticised. On account of it Americans have been charged with egotism, but those who talk in this way seem

to forget that Bartholdi himself, as the representative of the French nation, is the author of the name. So, as it comes from him in his representative capacity, we can receive it with good grace, and without being amenable to any such charge as that referred to. Taken, with all its broad, historical associations, I don't think the name is at all too pretentious. I have no hesitation in predicting that, ere the present century draws to a close, results will fully justify the assumption.

"The magnificent gift of the French people, and the years of toil and study which Bartholdi has devoted, gratis, to his unprecedented labor of love, cannot fail of the great and only reward which both have so earnestly and magnanimously sought, namely—to enlighten the world."

CHAPTER XLVIII

LARGE FORTUNES AND THEIR DISPOSITION.

How the Fortunes of the Astors were Made.—George Peabody and his Philanthropic Schemes.—Johns Hopkins and his Peculiarities.—A. T. Stewart and his Abortive Plans.—A Sculptor's Opinion of his Head.—Eccentricities of Stephen Girard, and How he Treated his Poor Sister.—His Penurious Habits and Great Donations.—James Lenox and the Library which he Left.—How Peter Cooper Made his Fortune, and his Liberal Gifts to the Cause of Education.—Samuel J. Tilden's Munificent Bequests.—The Vanderbilt Clinic.—Lick, Corcoran, Stevens and Catharine Wolf.

I SHALL take a short review in this chapter of some of the most prominent wealthy men who have been the architects of their own fortunes, and comment briefly on their methods of disposing of their estates.

In the United States, John Jacob Astor was one of the first to arrest public attention in the matter of large fortunes. Before his day there were few, if any, millionaires on this side of the Atlantic. Now there are thousands of these lucky individuals. It is true, George Washington, the Father of our country, was very comfortably fixed, and supported aristocratic style in his domestic life, but he probably never was worth more, all told, than $200,000. It is singular that none of his successors have ever been worth even this amount. It was believed at one time that Grant had accumulated a large amount of money and value, and was fast approaching the financial status of a millionaire, but this popular delusion was suddenly dispelled when he and his family were victimized by the first young Napoleon of finance, Ferdinand Ward.

The founder of the now wealthy house of Astor and of the Astor Library died in 1848, at the age of 85. He left

the greater bulk of his estate to his son, William B. Astor. He bequeathed $400,000 to the Astor Library, also a few legacies, amounting in all, the library inclusive, to about $500,000. His wealth, at the time of his death, was estimated at twenty millions, a very large fortune at that time.

William B. Astor, who died in 1875, left $250,000 to the library, and the large balance of his estate to his sons and widow.

The Astors have been characteristic for their benefactions, in a quiet way, to a large number of public objects Their estate is remarkable for the way it has been kept intact, and for its steady and considerably rapid improvement, and they are popular as landlords.

The elder Astor who came to this country from Waldorf in Germany, near Heidelberg, before he was 20 years of age, and who started in life dealing in furs, had a grand scheme on foot at one time for monopolizing the fur trade of the whole world, which he had calculated would then have brought him a million dollars a year. He was diverted from this purpose by the large profits which he found in real estate, by dealing in which he made most of his money; and the family has steadily adhered to this line of speculation and investment through two generations.

The native American who, perhaps, ranks above all others in the munificence of his gifts, and the beneficence of his purpose was George Peabody. He was a poor Massachusetts boy, who, by hard industry, arose to be one of the largest millionaires of his day. He was also a philanthropist in the highest sense of the term. His fortune at one time probably exceeded ten millions. His well-known benefactions, during his life, exceeded seven million dollars, and it is supposed that he gave away vast amourts in charity of which no definite account was kept.

Shortly before his death, in 1869, he bequeathed two and a half millions as a building fund for lodging houses for the poor of London, and devised for a Southern Education Fund

two million one hundred thousand. In addition to these he left five millions to various relatives. J. S. Morgan, who was Mr. Peabody's partner in the banking business, became, at his death, his successor, and is now supposed to be a richer man than Mr. Peabody ever was.

Johns Hopkins, who died at Baltimore in 1873, at the age of 78, was one of the most eccentric millionaires and philanthropists. Very few expected that he would bequeath the great university and the hospital which are called by his name. He was so wretchedly penurious that he hardly afforded himself the means of subsistence. His benefactions to these two institutions, however, exceed eight million dollars.

Alexander T. Stewart, the great dry goods merchant, who was reputed to be one of the three wealthiest men in the United States, Commodore Vanderbilt and John Jacob Astor being the other two, died in 1876. He had no legitimate heirs, and his estate, estimated at one time between twenty and thirty millions, was left to his wife, with the exception of a million to Judge Hilton and $325,000 to his employes.

Mr. Stewart's two great benefactions were failures, as he left nobody able and willing to carry out his intentions in regard to their arrangement.

They would probably have been failures in any event, as they seemed to the majority of people to be in a large measure Utopian. One was Garden City on Long Island, intended to be homes for industrious mechanics on a higher and more comfortable scale than the majority of the dwelling of these sons of physical and intellectual toil. A grand cathedral was built there in memory of the merchant prince, and a beautiful crypt for his mortal remains, which were stolen from St. Mark's churchyard shortly after the interment.

The mechanics and laborers were not attracted to Garden City, and it is now making slow progress with tenants whose avocations are generally in the higher walks of life.

The other great enterprise was a home for girls and women at moderate expense. This was in the shape of a hotel on a large scale at Park Avenue and Thirty-third street. The restrictions and the prices were such that the home also failed to attract the class it was intended for. The public gift, therefore, reverted to the Stewart estate, or rather was taken forcible pessession of by the trustees and transformed into the Park Avenue Hotel. To carry out the rather indefinite terms of the bequest would probably have involved the expenditure of a very large amount of the Stewart estate, and, perhaps, the enterprise would even then have been a failure. It is more than probable that if Mr. Stewart had lived a few years longer, he himself would have been satisfied with the impracticability of both his semi-philanthropic schemes.

There were great things expected in the shape of benefactions from Mr. Stewart at the time of his death. He had done so little in that respect while living that the public indulged the hope that he would make up for his charitable short-comings when he found that his worldly accumulations could no longer be of any service or gratification to him, and that he could not take any of them away with him.

Hence, it was a considerable disappointment to the public when the will revealed the fact that nothing had been devised, out of the immense hoard of nearly half a century's savings, to charitable purposes.

On the day of his death I had an engagement with my dentist, Mr. Dwinell, in Thirty-fourth street, and while I was seated in the chair Mr. Wilson MacDonald, the well known sculptor, came in to pay a visit to the dentist, with whom he was well acquainted. Having been introduced by the sculptor, we immediately entered into conversation on the prominent local topic of the day, the death of Mr. Stewart and the probable distribution of his wealth.

Mr. MacDonald invited me to go to his studio to see a bust in clay of Mr. Stewart that he had just about finished. He said, "I knew Mr. Stewart's aversion to having any portraits or photographs taken of himself during his lifetime, so I provided for the emergency some time ago by taking close observation of him at various intervals. During the past two years I have frequently come in contact with him, going into his store and getting a good look at him from various points of view, so as to impress his likeness upon my mind. I have thus succeeded in getting a pretty good bust of him in clay."

Mr. MacDonald was very anxious that I should call and see this bust, because, as I knew Mr. Stewart so well, he inferred that my judgment would be worth something, and he expressed a desire that I should criticise his work. I promised him I would call and see the bust as soon as I could spare the time.

On leaving the dentist's office I made another engagement to go back the following week, and in the meantime I had been unable to call at the studio of the artist, but the latter happened to be in the office of the dentist when I called there again. The will of Mr. Stewart had been published in the interim, and in it all reference to charities and benevolent institutions had been carefully omitted.

Mr. MacDonald reminded me that I had not called to see the bust, and added, "If you had called that time you would hardly recognize any resemblance between what it is now and what it was then." "How is that?" I inquired. "Because," he replied (facetiously), "as soon as I saw the will published in the newspapers and none of that immense pile left to the public, from whom it had been collected, I set to work and toned down the bumps of benevolence, conscientiousness, sublimity, veneration and ideality, making those of acquisitiveness, inhabitiveness, amativeness and all the selfish and animal propensities prominent. I naturally concluded, if phrenology is not a fraud, that Stewart's will was

a manifestation of the non-existence of the higher and more humane organs in his cranium. There certainly could be nothing there indicative of any generous emotions."

I think everybody who knew the great dry goods merchant will be inclined to say that the judgment of the sculptor was neither rash nor uncharitable.

Stephen Girard.

Stephen Girard was another of the great millionaires who arose from penury, and whose eccentricity took a philanthrophic turn. Mr. Girard was a Frenchman, born near Bordeaux in 1750, who made his home in later years in Philadelphia. He bequeated over two million dollars to found and endow Girard College in that city.

There is a good story told, which seems to be well authenticated, of the manner in which Mr. Girard rewarded the ingratitude of a sister. When he was a boy about ten he manifested very little disposition for hard work, and his family treated him harshly. One morning a rumpus arose about his idleness, and having said something that aroused the ire of his sister, she clutched the broom and flew at him in a rage. He retreated, receiving a few hard blows over the shoulders as he passed for the last time over the threshold of his paternal home. He went to sea, his father having been a seaman, and through various vicissitudes of fortune eventually turned up as a millionaire in Philadelphia.

After young Girard had gone through the preliminary course as cabin boy, trading between France, the West Indies and New York, he had saved up some money and became part owner of a small trading vessel. This was in 1776, the year of the Declaration of Independence. His trading was suspended by the war with Great Britain. He then speculated in the renting of a number of stores in Philadelphia, and sub-let them at a large profit. Afterward he purchased a controlling interest in the stock of the old U. S. Bank in 1812, and became a private banker with a capital

of more than a million. Subsequently he loaned five millions to the Government to help defray war expenses.

In the meantime fortune, however, had not favored his irate sister, who had chastised him with the broom She remained poor. She had heard of her brother's wealth, however, but did not have money enough to pay her passage to this country. In this extremity she went to the captain of a Philadelphia vessel in a French port and told him that she was a sister of Stephen Girard, without money, and desired to go and see her brother, who was well known to the captain. She received the best accommodation that the vessel could afford. Having arrived in Philadelphia the gallant captain escorted her to the house of her wealthy brother. Leaving her in the hallway he went in to see Mr Girard and told him that a lady outside wished to see him. The benevolent captain was prepared to behold a demonstration of joy, which he thought would be exhibited as soon as the long lost brother and sister should recognize each other. He was not kept long in suspense. Mr. Girard knew his sister instantly. "*C'est vous.*" "It is you," he said. "Oui," she replied. These were all the words that passed. There was no rushing into each others arms, but on the contrary, Mr. Girard plunged at the captain in a lively mood. "What authority had you to bring that woman here?" he said. The captain was dumbfounded and hardly knew what to answer. "Take her back again at your own expense," he added.

The captain did not stand a minute on the order of his going, and the millionaire's sister, without receiving one kind adieu, was conducted from the palatial mansion of her brother to the vessel, and thence to her pauper home in France.

This shows that the great philanthropist had a good memory and was resentful of injuries, yet it also betrays a narrowness from some taint of which the greatest minds are not entirely free. The Girard sister was unable to compre-

hend the higher aspirations of her young brother and his intelligent convictions, which had, no doubt, taken form at that early period of his life, that a man can never become wealthy by hard manual labor. He was wrong, however, in giving her the cold shoulder. She was correct in one sense, from her point of view, although a narrow view, and his large charity should have condoned an error arising from her superficial conception of his early designs.

His narrow-mindedness, with all his genuine greatness, and his eccentricity were exhibited in a remarkable degree in some of the restrictions of his will regarding the college. Although he was exceedingly generous in his gifts to religious denominations, without distinction, as well as to charitable institutions generally, he was, though illiterate, a free thinker of the school of Voltaire and Rousseau. He, therefore, had inserted in his will a prohibitory clause to the effect that no clergyman should be permitted to have anything to do with Girard College, nor even be admitted as a visitor. The college is for orphans between six and ten years of age, who are put to a trade when they are sixteen, all expenses being defrayed until they are able to earn a living. There are now over 500 beneficiaries. Girard died in 1831, at the ripe age of four score and one. He was worth nine million dollars, of which but a very small pittance went to a few of his relatives, the great bulk of the estate having been distributed among charitable institutions. This great philanthropist was exceedingly close in money matters with men generally, and it is said that he never had a friend, except the friend in the pocket, which is by all odds the most genuine.

The late James Lenox takes rank with the great philanthropists of the age, in attempting to devote a large portion of his surplus wealth to the good of humanity. When he died, in 1880, at the age of eighty, he was supposed to be one of the five wealthiest men in New York. He spent a million dollars to found and endow the Presbyterian Hospi-

tal at Seventieth street and Madison avenue, and over a half million in building the Lenox Library at Seventieth street and Fifth avenue.

The building and the library are both immense gifts, but admission to the latter is so hampered by red tape, forms and ceremonies that it is of little or no earthly use to the general public. As a piece of architecture the building may, according to the ideas of the famous John Ruskin, help to educate the people, but in other respects they derive no benefit from it. The library, which is built on ten city lots, contains the choicest selection of books in the world, outside of the British Museum, besides valuable manuscripts and works of art, and its collection of American works is unsurpassed anywhere. That part of the collection, consisting of Mr. Lenox's own private library of 15,000 volumes, contains books of rare value, many of which could not be duplicated. This is one reason why the general public are excluded.

In fact, there is a good deal to be said in favor of the fastidious care that is taken of some libraries and picture galleries, as a large portion of the general public don't know how to appreciate their privileges, and therefore abuse them, some through the relic monomania and others actuated by pure mischief. Thus it was that Mr. William H. Vanderbilt was very reluctantly obliged to exclude the general public from his fine picture gallery, as certain visitors scratched the etchings with their canes and put their fingers on the pictures, while others were incessantly on the relic hunt and had to be carefully watched during their visit.

Peter Cooper.

Peter Cooper was another of the philanthropists, with large means, who sought to distribute a considerable part of it where it would do the most good to humanity, especially to that portion of it who are in pursuit of knowledge under difficulties. Mr. Cooper had a hard time of it himself getting

a fair education, and he knew how to appreciate the boon. He was born in New York in 1791, and at the age of seventeen was apprenticed to a coachmaker. He tried his hand at several other occupations, was an inventor by nature, and the designer and builder of the first locomotive in this country, which had its trial trip on a part of the Baltimore & Ohio Railroad.

Mr. Cooper experienced his great success in fortune building in the manufacture of glue. He afterwards erected extensive iron works at Baltimore, Maryland, and subsequently in Trenton, New Jersey. During his life he built the Cooper Institute, at a cost of $650,000, with a subsequent donation of $150,000. This institution is devoted to the instruction and elevation of the working classes. It consists of a large reading room and library and a public lecture hall. The building occupies a small block at the junction of Third and Fourth avenues and Eighth street. It has evening schools, attended by 2,000 pupils; a school of design for females, in which there are 200; also, a school of telegraphy for women, from which, in two years, over 300 operators have been sent out.

The rents from the building on the lower floor and the offices defray the greater portion of the expenses. Ample provision was made in Mr. Cooper's will for the permanence of the institution. During his life he was a general donor to all kinds of charitable institutions, and almost every variety of labor organization. He ran for President in 1876 on the Greenback and Labor ticket, and was defeated by an overwhelming majority. He had an idea that a large issue of greenbacks would create universal prosperity and make everybody happy. He died in 1883, at the age of ninety-two, leaving five or six million dollars, the greater portion of which fell to his son and daughter, the latter being the wife of Mayor Hewitt.

One of the greatest of American philanthropists, especially as his princely bequest was rather unexpected, was

the Hon. Samuel Jones Tilden, whose financial and political career I have referred to in another chapter. He was about seventy-three years of age at the time of his death, in August, 1886.

Mr. Tilden died worth about five millions, four of which he left to be donated to public and beneficent objects. The greater part of this is to be spent in the erection and endowment of a grand free library, which, if the terms of the bequest are properly administered, will be the greatest institution of its kind in this country.

The disposition of the Vanderbilt fortune, up to the present time, has been briefly described in the lives of the various members of the family in another chapter. The Clinic of the College of Physicians, however, which has recently been opened at Sixtieth street and Fourth avenue, is entitled to greater detail, as it is, perhaps, destined at some future day to become a great medical centre. Mrs. W. D. Sloane, daughter of Wm. H. Vanderbilt, subscribed $250,000 to build the Maternity Hospital, in connection with this institution, her father having, prior to that, donated the balance of the million necessary to finish the entire structure, which consists of the Clinic, the Maternity Hospital and the College Hospital. It is said that in all their appointments the different departments of this institution are superior to anything of a similar description in the world.

Among the men who disposed of great fortunes I may mention James Lick, of California, who devoted millions to charitable purposes; William W. Corcoran of Washington, who gave two millions for an art gallery and a home for old, decrepit and superannuated women; also, Mr. Stevens, of Hoboken, who devised two millions, one for the Stevens Battery and the other for the Stevens Institute at Hoboken Miss Catharine Wolf, who died last year worth twelve millions, bequeathed largely of her estate to charitable purposes, and donated her magnificent art gallery to the Metropolitan Museum of Art.

What a lesson is taught in these examples of philanthropic celebrities to our fellow-beings—I was going to say fellow citizens, but that would not be appropriate in many instances—the Socialists. Those millionaires, who have all more or less been denounced as hard-hearted monopolists, have been among the hardest workers and thinkers all their lives, many of them denying themselves the luxuries and some of them even the full necessities of life. For what purpose? Simply to be the hard worked and poorly fed mediums of accumulating wealth to relieve the necessities and minister to the comfort of the less fortunate, the idle, the dissipated, the poor and the needy, and in general those who misunderstood and abused them on account of their good work.

It was good for those benefactors of humanity that virtue is its own reward.

CHAPTER XLIX.

SOUTHERN AFFAIRS IN SPECULATION.

THE PRESERVATION OF THE UNION A GREAT BLESSING.—TO LET THEM "SECESH" WOULD HAVE BEEN NATIONAL SUICIDE.—HOW IMMIGRATION HAS ASSISTED NATIONAL PROSPERITY.—RESCUED FROM THE DYNASTIC OPPRESSION OF EUROPEAN GOVERNMENTS.—SHOWING GOOD FELLOWSHIP TOWARDS THE SOUTHERN PEOPLE AND AIDING THEM IN THEIR INTERNAL IMPROVEMENTS.—THE SOUTH, IMMEDIATELY AFTER THE WAR, HAD GREATER ADVANTAGES THAN THE NORTH FOR MAKING MATERIAL PROGRESS.—THE BUSINESS OF THE NORTH WAS INFLATED.—THE STATES OF GEORGIA AND ALABAMA OFFERED INVITING FIELDS FOR INVESTMENT.—ISSUING STATE SECURITIES, CHEATING AND REPUDIATING.—PRESIDENT JOHNSON CHIEFLY TO BLAME FOR THE BREACH OF FAITH WITH INVESTORS WHO WERE SWINDLED OUT OF THEIR MONEY.—REVENGE AND AVARICE UNITE IN FINANCIAL REPUDIATION.

DURING the war I did all that lay in my humble power to further the cause of the Union, believing that it was a righteous one, and that the North went into the struggle to maintain, uphold and preserve the best form of government known to man, and certainly the only one suitable to America.

View it as we may, the wisdom of man has yet evolved nothing to surpass the Constitution of the United States. Whether Thomas Jefferson or Thomas Paine was the author of its leading features, is a matter that I shall not stop to discuss, but suffice it to say, that upon it has been established the best government in the world. There is no other system in ancient or modern history that could weld together and bring into the social and political affinity of one great integral harmony the immense variety and diversity of human elements that are dwelling as one large and comparatively happy family in the United States.

What other system could combine so many nationalities, creeds, passions and prejudices, modifying all of them and uniting all for the general good and the perfection of a higher development of human nature in political and social life?

There is none. We must go to the pleasanter pages of political fiction to find a comparison.

This country has made greater strides in each decade towards the possible approach of More's Utopia or Plato's Republic than any other country has done in the same number of centuries.

It must be admitted that we are a considerable distance from the happy goal contemplated by the writers named, but we are moving in the direction to show that its attainment is possible. We shall yet accomplish what the world has hitherto considered a pleasant fiction overworked through the highest ideal of Greek art.

This high state of development is what we are coming to in spite of the fact that the average ward politician has immense chasms to cross before the hill tops of his evolution shall appear in sight. When he begins to climb, however, his ascent will be marvellously rapid and he will leave that vehement youth of Longfellow's, whose watchword was Excelsior, far in the distance. Moreover, his steps will be steady and prudent, and not liable to unfortunate reaction or fatal mishap.

It has been said that revolutions never go backward. With much stronger emphasis it may be asserted that evolutions in a Republic like those I am now contemplating never recede, but still press forward and upward towards the mark of a higher ideal.

A large proportion of the people who come here do so for the chief purpose of getting away from other forms of government that are despotic in their rule and oppressive to their subjects.

These people who come to us are saved and redeemed

Their lives would have been wasted if they had remained in the land of their birth. In this country, they not only add to the wealth of the nation, but they become useful members of the social fabric, with few exceptions, enjoying happiness themselves and bringing up children, whom they teach to admire, honor and revere the institutions of this country in contrast with the land of their own nativity.

This country has thus become the asylum for the downtrodden of every nation, and it is a great gainer by the contrast thus constantly presented to the minds of those who come here. Our own people are also in this way taught to appreciate their privileges and set a higher value upon the advantages they enjoy.

If it were not for the constant stream of immigration to these shores, the people of this country might begin to think that Republicanism was the birthright of all, and forget that they enjoyed especial privileges by birth, and came into this world with a very important start of other nations. I fear that some of them are prone to imagine, especially some of the fair sex, that we suffer here from that long felt want of a hereditary and native nobility. Some of these fair ones have had sad experience, that should have disabused their young minds of these notions not very long ago. The force of these examples will have some effect, at least, in moderating the folly of their mothers. It can hardly be expected that many of the young ladies will learn much themselves, except by a repetition of the same sad experience, but the persuasive powers of the mammas may exercise a deterring effect in many instances where hasty matrimonial alliances to catch the bauble of a foreign title would be the forerunner of much misery and sometimes shame.

I might cite many instances of these from our own city, but the sensational papers will deal with them *ad nauseam*. I don't aspire to be sensational in this book. I only attempt to state in matters of this kind what may suffice to point the moral, leaving the sensational story-teller to adorn the tale

Nor do I mean to cast any reflection on such happy marriages as that of Miss Jerome to Lord Randolph Churchill, and others I could mention.

Our expansive territory has enabled the adventurous and energetic of all nations of the world to come here and make homes for themselves, instead of remaining in the land of their birth, where many of them were existing in a modified condition of slavery under other names.

The idea of encouraging this large exodus from other lands, and this freedom of assimilation with our people, has been one of the great bulwarks of our prosperity.

I realized this fact very clearly at the commencement of the war of the Rebellion, and have cherished it ever since.

I therefore felt deeply earnest in my sympathy with the North against the South, whose great effort was to break up the present form of government, attempting to destroy its autonomy and powerful cohesiveness.

The nation would have been split in twain to start with, if Horace Greeley's advice had been taken, "Let them secesh." Mr. Greeley's counsel was well meant, as he thought the Southern people would soon be glad to return to the Union, but it would have been national suicide to follow it.

The two parts of the dissevered nation would have been constantly menacing each other, and kept on a war footing, with occasionally recurring hostilities across the border on every slight provocation. The result would have been that some or all of the European powers would have taken advantage of this state of affairs to plant the standard of despotism once more on these shores, making this fair land a battle ground for Imperial and kingly ambition.

These designs were foreshadowed by Napoleon III., whose actions I have dealt with more fully in another place, and Great Britain was only awaiting the opportunity to avenge Bunker Hill. Saratoga and Yorktown.

In fact, all the powers of Europe would have taken advantage of the chance of acquiring a slice of such a fine domain, where in the event of successful secession only feeble resistance could have been offered to foreign aggression.

In the event of a decisive victory for the Confederate arms, faction fights would have always been springing up, and the tendency would still have been increasing to create a greater number of separate and independent governments.

Napoleon had been looking at matters in this probable light, when he resolved to make Mexico a backdoor, with Maximillian as its keeper, to enable him to gain an entrance to this country when a favorable opportunity for the completion of his purposes should arise.

Having myself been born in a foreign land, where I passed my boyhood's days, I have a vivid recollection of the workings of the harsh system of a European government, although by the accident of birth I was placed in circumstances where the pressure on myself was not very galling.

I saw enough, however, to make a durable impression on my mind, to arouse my sympathies for others and to excite my lasting indignation against dynastic oppression.

I lost no opportunity during the dark days of the rebellion in this country, to be outspoken in favor of the cause which I had espoused from a firm conviction that it was right. I did all I could to help to promote ways and means for aiding the North in carrying on the war. I went into the contest with my whole heart, and gave my entire and undivided attention to the sale of Government securities to raise the sinews of war.

In this way, I believe, I rendered more valuable assistance to the cause than if I had been performing deeds of valor amid the roar of cannon and the rattle of musketry.

I became pronounced in my opinions and made myself active in organizing meetings to celebrate every victory of the Union army, thus inspiring the men in the field and the recruits on their way thither, and sustaining the hearts of

our business men to place implicit confidence in the future triumph of the nation.

It required more courage than many people now imagine to take this stand at that time, for opinion was largely divided in this city on the prospects of the issue, and a strong sentiment in favor of the enemy threatened at one time to become predominant.

Many people were eyed with very strong suspicion during the greater part of the struggle in regard to their loyalty, who had followed the course of extreme prudence in keeping their counsel, being doubtful of the result. I took the ground that citizenship would not be worth much in the event of final disaster to the Union cause. I was also of the opinion, when the war was ended to the glory of the country and the maintenance of the Government on a substantial basis, that the time had come to bury the hatchet.

I believed not only in bringing back the South under the old flag, but also in extending the right hand of fellowship to the people, who, whatever may have been their faults, had been terribly punished.

I believed that no good could come out of a policy that persisted in trampling upon a fallen foe, especially as that foe had, after all, only been an erring brother, and could be brought back again into the family fold to share its mutual sympathy and material prosperity.

I felt, therefore, that I could afford to be prominent in a movement that had this great and harmonious end in view, the more especially as my loyalty had never been questioned in the hour of our greatest peril.

I not only extended the right hand of fellowship to Southern men, but gave aid and comfort to them wherever they appeared in our midst.

My office, therefore, after having been the headquarters of loyal Northern men, and for every project in the interest of the Union cause, became notorious as the rendezvous of Southern generals and Southern people generally, almost as soon as the war was over.

General Beauregard was one of the prominent leaders of the Confederacy to whom I exercised the liberty of extending hospitalities on his first visit here. I relaxed no effort to make his visit agreeable, and show him the sights around the city. I recollect escorting him as my guest to the Gold Room, which was then quite an institution in Wall Street. At this time gold was selling at a premium of about 50.

On our entrance to the Room it was at once whispered around that my distinguished guest was General Beauregard. The President of the Board was at that time outspoken and bitter in his opinions against everything Southern, and had not the good sense and common manners to conceal his animus on this occasion. Others took a similar attitude, and the feeling manifested became as belligerent as if the war had been actually raging.

This exhibition of bad blood and bad manners was very distasteful to me. I was a member of this Exchange, and I thought I knew my rights, and I was disposed to maintain them. I regarded the insult to Beauregard as offered to myself, and was prepared to resent it accordingly. He was my guest, and I had determined to stand by him at all hazards. I informed those who were foremost in manifesting these unworthy feelings of resentment that I should protect my friend no matter what course they should take, as long as he desired to remain in the room. This had some effect in smoothing down the asperities of the most hostile, and we were permitted to depart in peace. I escorted General Beauregard afterwards to the New York Stock Exchange, where he was kindly received, and without a murmur of feeling. I introduced him to many of the members individually, who shook hands with him and interchanged civilities in the warmest manner, giving him a hearty welcome to our city. Beauregard was delighted with this reception at the Stock Exchange, but was greatly chagrined at the conduct of the people in the Gold Room.

After this, many other Southern notabilities from time to

time came to the Street, and received at my hands similar treatment. Among others, General Forrest, of Fort Pillow carnage notoriety, paid me a visit.

I could relate a great many other instances, if time and space would permit, showing very explicitly the efforts I have made to help along harmony and reconstruction. I was anxious, in the interest of general prosperity, to assist the South to recover from the dreadful blow inflicted upon her by a fratricidal war as soon as possible.

So, as the work of reconstruction progressed, I became interested in the internal improvements of that section of our country, as my subsequent investments there will fully attest. I thought that the South had experienced fighting enough, as the North had, and that the people of that section would gratefully accept the terms in the main agreed upon under the appletree at Appomattox, between General Grant and General Lee. I had hoped that the peace would be such as to conserve all the interests of the country, including every man, from the boldest and bravest Confederate general down to the lowest of the negro race, without any invidious distinction. I had the hopeful impression that all would go to work and do all in their power to till the soil, or do anything else that would add to the material wealth of the country and the individual happiness of its recreated citizens; that they would apply themselves to every form of industry that would help in any degree to a recovery from the disasters growing out of the war, and the lamentable destruction of property attending it.

The South immediately after the war had greater advantages than most people imagine, if it had only taken hold of them in the right spirit. It had various sources of prosperity, which under prudent management would have enabled it to leave the North far behind in the race for wealth. Its leading staples, cotton, tobacco, and rice, had all a gold value in the markets of the world.

This opportunity of going in to produce at hard-pan prices

on a gold basis invested it with an immense leverage against the North, with its inflated currency and war prices, growing out of the large issue of paper money necessary to carry on the war, and consequent over-speculation as a natural result or sequence.

It seemed to me, then, that, while the South had a grand opening for growth in prosperity on a solid basis to begin with, the business of the North was, in comparison, in an inflated position, that must burst before it could get a fair start on a solid foundation. It appeared as if it would sooner or later suffer a temporary collapse, while the South had only to begin and build without fear of any such interruption.

I, therefore, selected for my investments as the best fields in the South the two States that stood the highest in their financial credit, in their character for integrity and enterprise, and that then had the brightest outlook, namely Georgia and Alabama.

These States took my money freely, issued their State securities, their County securities, sold me their bonds, and got me thoroughly interested, and that to a very large extent, and then treated me with the basest ingratitude, repudiating their bonds, and cheating me out of my money and property in every way conceivable.

I attribute the cause of this unjust treatment, however, to Andrew Johnson, who, by accident, through the assassination of President Abraham Lincoln, became President of the United States.

Mr. Johnson was a Tennesseean, loyal during the war to all appearances, and for all practical purposes of the Union cause, and he would doubtless have so remained had it not been for the unfortunate circumstance of Abraham Lincoln's death.

This made him Executive of the nation, for which by ability he was amply fit and qualified, but through bias and temperament, entirely unfit to fill creditably this eminent position for the best interests of the country at large.

The position I took, as above stated, was, that since the war was over, it was a thing to be forgotten as speedily as possible. The finality was seriously delayed owing to the hostility that President Johnson did his best to excite and prolong amongst the people of the South.

Congress, it will be remembered, was leniently disposed in the passing of measures and framing of laws to bring the traitorous States of the South back again into the Union. The members of Congress most cautiously and delicately worked to patch up old sores that were supposed to exist between the victors and the vanquished, but when their bills went to the President they were unmercifully subjected to a wholesale process of vetoing, almost indiscriminately. This produced a condition of chronic hostility between the legislative and executive branches of the Government, and the wider the breach became the stronger and more vindictive grew the spirit which it naturally aroused in the Southern people.

These people were sadly misled by the President, whom they trusted, and his hobbies were humored at the expense of their prosperity.

Johnson made the people of the South believe that his vetoes would only delay legislation until Congress should be forced to find them something better. They, accordingly, reposed faith in him, and were badly deceived.

The feeling of animosity excited by this condition of things so worked on the minds of the people, causing the South to wax bitter and revengeful, that it appeared to people on this side of Mason and Dixon's line that their Southern brethren had become even more implacable than during the hottest scenes of the war.

It was for the reasons above stated that bonds which had been issued by the South for money invested by the North were, in a large measure, repudiated. As soon as it was discovered that most of the vested interests were owned by Northern people, the spirit of revenge and avarice combined

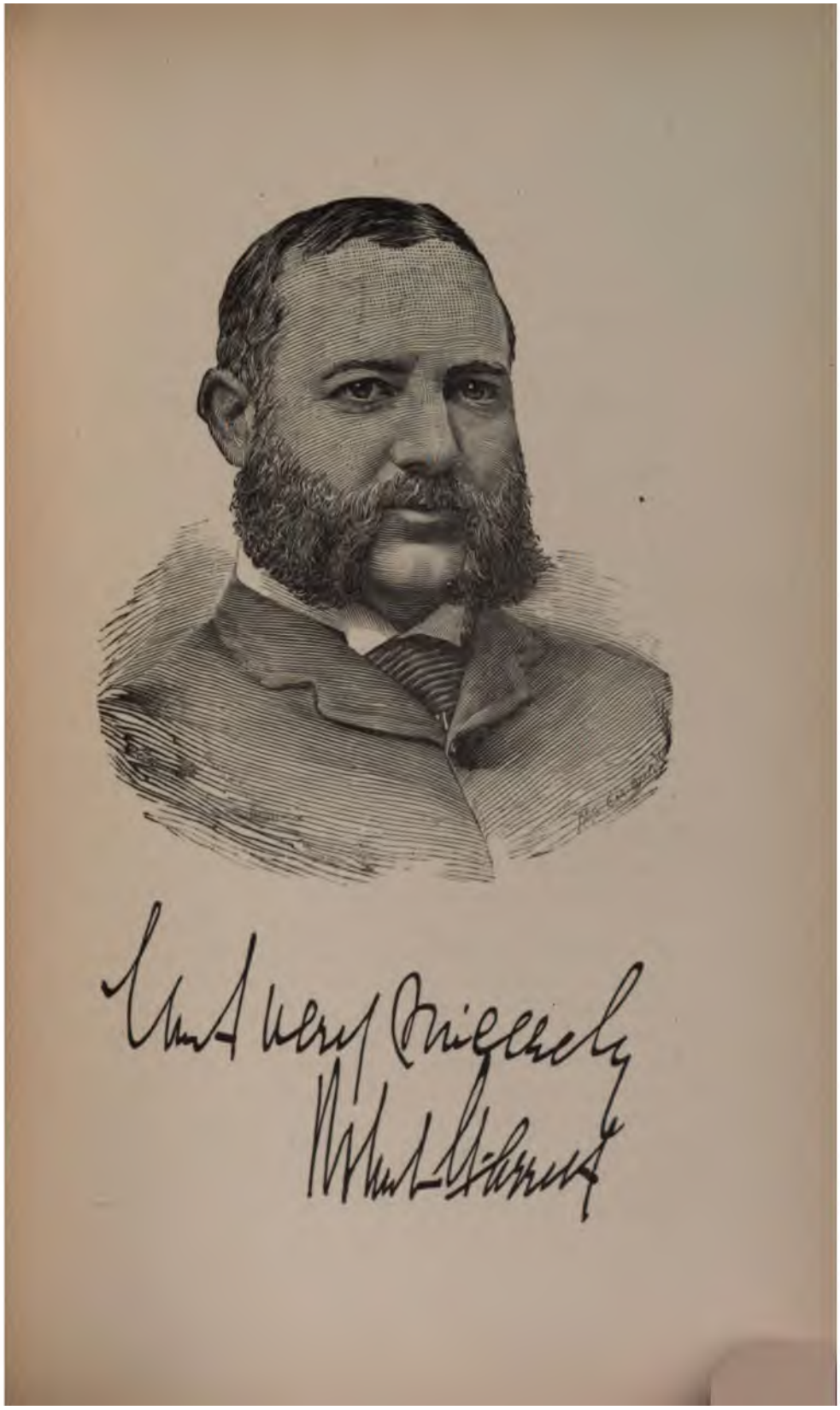
was aroused to the point of repudiation. And, unlike the courage of Macbeth, it did not require any stimulant to make that the sticking point. Every method that ingenuity could devise to strike a blow at the North was employed. No opportunity was allowed to slip that afforded any advantage, either material or moral.

Thus, instead of accepting the situation as General Lee had done, they were led astray by every one who had a political axe to grind. They took an active part in politics instead of looking after the various industries of the country and developing its resources. They engaged in political discussions and their attendant broils, to the neglect of necessary enterprises that would have brought them material prosperity.

Thus they became poorer and poorer. Many years were lost in these political turmoils, and the people became more and more embarrassed.

From these circumstances there were many financial victims, but few, if any, suffered more in that respect than myself.

I had over two and a half millions of dollars invested in the State of Georgia securities, and in other ways, a million more at least in Alabama and North Carolina together, all of which was perfectly annihilated, the entire disastrous result growing out of the factious spirit that was created and fostered by the vile and narrow prejudices of President Andrew Johnson, of whom I have still more to say in another chapter.



CHAPTER L.

WESTERN AND SOUTHERN FINANCIAL LEADERS.

ALFRED SULLY, HIS ORIGIN AND SUCCESSFUL CAREER.—CALVIN S. BRICE, A FINANCIER OF ABILITY.—GENERAL SAMUEL THOMAS, PROMINENT IN THE SOUTHERN RAILROAD SYSTEM.—GENERAL THOMAS M. LOGAN, A SUCCESSFUL MAN IN RAILROADING AND MINING.—FINANCIAL CHIEFTAINS OF BALTIMORE.—THE GARRETTS.—THEIR GREAT SUCCESS AS RAILROAD MANAGERS.—PORTRAIT OF ROBERT GARRETT.

ALFRED SULLY, who has become so prominent in the financial world within a year, is tall, rather slightly built, nervous, and energetic. His face, by its long, square contour and thoughtful lines, suggests that of Senator Wm. M. Evarts; the eyes are keen and penetrating but kindly. At heart his tastes are those of a genial literary recluse. Circumstances and unquestioned ability have made him a financial leader. He was born about 46 years ago in Ottawa, Canada, where he received a good academical education. He tried his fortune in the West. He went to Cincinnati, studied law, and was graduated from one of its best schools, whereupon he went to Davenport, Iowa, and formed a copartnership which became known as the leading law firm of the city. He acquired some means, and in 1872 came to New York, the proper place for men of ability. It is understood that at this time he had some idea of indulging his tastes for authorship, but Austin Corbin put a veto on that. The two had become acquainted in Davenport, where Mr. Corbin was formerly a banker, and the latter, on meeting Mr. Sully in New York, tendered him the position of General Manager of the Corbin Banking Company, which he had established here. He accepted it. But this post, responsible as it was, could not long hold a born financier, and we soon find him obtaining control of the Indiana,

Bloomington & Western Road. He next bought the Ohio Southern, of which he is still President, a transaction in which he and his friend nearly doubled their money. Then he made a great deal of money in the Central Iowa and other roads in Illinois. He and Austin Corbin secured control of the Long Island Road, and he gave much time and labor to the Manhattan Beach Road and associated interests at Coney Island. Then he went into the scheme of restoring the financial health of that enfeebled giant among railroads, the Reading, and was one of the prime movers in the reorganizing and consolidation of the Richmond Terminal, the Richmond & Danville, the East Tennessee, Virginia & Georgia, and numerous other Southern roads, which now form one vast system, which will probably yet obtain an entrance into New York.

Calvin S. Brice.

Calvin S. Brice was Vice-President of the East Tennessee, Virginia & Georgia Road, and is a Director in the Richmond Terminal and numerous other Southern roads. He is now connected with the United States Express Company, in the management of which he will take an active part. He was born in Lima, Ohio, about 48 years ago, and was educated as a lawyer. He is below the medium height, and rather slightly built, but has broad shoulders, a fitting pedestal for a good head, with firm square features and keen bluish gray eyes. He wears a sandy beard, closely trimmed, which tends to heighten the effect of decision of character. He is a financier of ability.

Gen. Samuel Thomas.

General Samuel Thomas, who is prominent in the Southern railroad system, is now about 50 years of age, is a Western man, and before the war was a civil engineer in the service of an Ohio railroad. After the war he again became a civil engineer, but, drifting after a time to New

York, engaged in railroad enterprises, and ultimately secured a large interest in Southern railroads. He is now President of the East Tennessee, Virginia & Georgia, and is largely interested in the Richmond & West Point Terminal, the Richmond & Danville, the Memphis & Charleston, and other Southern roads. He is tall, well-built, energetic, and affable. He lives in fine style, and is a member of the Union League. He is worth several millions.

Gen. Thomas M. Logan is President of the Virginia Midland Railroad, Vice-President of the Richmond & Danville and Richmond Terminal, and a Director in all the roads in this system. He was born in Charleston, S. C., about 44 years ago. He served with distinction in the Confederate Army, and rose to be a Brigadier-General, being one of the youngest in the service. He is a graduate of the University of South Carolina, and formerly practiced law in Richmond, Virginia, where he is also engaged in extensive manufacturing and mining enterprises. He resides in Richmond, and is a member of the Westmoreland Club, but often comes to New York on railroad business, in which he has amassed a comfortable fortune.

John W. Garrett's name will always be associated with that great property, the Baltimore & Ohio, which he rescued from the verge of bankruptcy. He was a man of great force of character, and inherited an aptitude for business. He was a graduate of Layfayette College in Pennsylvania, and engaged in business in Baltimore. He became a Director of the Baltimore & Ohio Railroad, and in 1858 was elected its President. He was a staunch supporter of the Union in the civil war. Despite a disloyal sentiment plainly noticeable in Baltimore and elsewhere in Maryland, he lent the Government all the assistance in his power in the transportation of hundreds of thousands of Federal soldiers. He was quick to repair burned bridges, and to do anything to facilitate the military operations of the Federal Government. President Lincoln and Secretary Stanton thanked him warmly.

His salary as President was $10,000 a year. The Directors repeatedly offered to increase the remuneration, but he declined to accept it. He often refused offers as high as $50,000 a year to become the President of other roads. He was autocratic in his administration. His will was law. He found the Baltimore & Ohio Railroad a weak and struggling underline in the railroad world, and he left it a giant in the American system of railroad transportation.

Robert Garrett, the son of the preceding, and now the President of the Baltimore & Ohio Road, is one of the railroad kings of the United States. He became the President of the Baltimore & Ohio in his thirty-seventh year, after having served as Third Vice-President and First Vice-President under his father's administration. He is a graduate of Princeton, a man of genial characteristics, and a favorite in society. He has made a study of railroad administration, but is now understood to seek some relief from the burdens unavoidably incident to his position as the head of a great railroad. And he is wise. He is many times a millionaire. Why should he devote his life to unnecessary care and labor? Rich men in this country are apt to work too hard. They do not enjoy life as men of far less wealth do in Europe. Under almost any administration the Baltimore & Ohio Road has a great future before it. The road was built to draw the Western trade to Baltimore. This trade had been diverted from that city by the building of the great canals. New York & Philadelphia were receiving the lion's share of the traffic. The first stone on the Baltimore & Ohio Road was laid by Charles Carroll, one of the signers of the Declaration of Independence, in 1828. The road was opened to Wheeling in 1853. The firm of Robert Garrett & Sons was established in 1849, and was originally engaged in the wholesale grocery trade. When the road reached Wheeling its finances were at the lowest ebb. The house founded by the grandfather of the present head of the road bought largely of its bonds at a very low figure,

and this marked the first connection of the Garrett family with this great property. The house of Garrett & Sons still exists as a banking establishment under the management of T. Harrison Garrett. In 1853 Baltimore & Ohio stock could be bought for a song. Since then it has sold at as high as $225 a share. The improvement in the property was very largely due to the efforts of John W. and Robert Garrett.

The recent embarrassing complications of Mr. Garrett in connection with the management of his railroad and telegraph companies, it is hoped, will only be temporary, and I expect to see him again, at no distant day, reinstated at the head of the great corporation over which he and his father presided. His present difficulties are matters of current newspaper record and comment, and I need not, therefore, enlarge upon them here. As shown by the latest report, the Baltimore & Ohio Railroad is virtually in a good, prosperous and solvable condition, and I have no doubt that the Drexel-Morgan syndicate which has undertaken to put the property on a still more solid and durable basis with the ten million loan which it has negotiated, will uprightly do its whole duty, and in due time return the trust considerably enhanced in value to Mr. Garrett, his heirs and assigns.

John H. Inman, another member of the Southern railroad circle, was born in Tennessee. He is tall, fine looking and soldierly in appearance. He is one of the shrewdest of the capitalists who have invested large amounts in Southern enterprises. He came to New York from Atlanta, quite poor, after the civil war. In the war he was a quartermaster's clerk, and his old quartermaster afterwards became one of his brokers on the Cotton Exchange. Young Inman went into the office of an uncle on arriving in New York, and learned the business of a cotton broker. He was clear-headed and successful. After he became a partner in the firm he added very materially to his wealth by carrying cotton for the premiums on the options. He is recognized

as one of the leaders of the Cotton Exchange. In recent years he has become a financier, has made large loans to railroads in the South, and has invested heavily in Atlanta real estate, and in iron enterprises in Birmingham, the rising Southern market. He was prominent in the reorganization of the Richmond & Danville railroad system, in which he is largely interested. He is a director in the Richmond Terminal and associate lines, as well as the Louisville & Nashville and other Southern roads. He invested nearly two millions in the Tennessee Coal & Iron Company. He is now about 50 years of age. He seems to be a man of destiny. He is a man of great force of character and exceptional business skill. He resides in New York, and is possessed of a large fortune.

Ancestry in England—Brains in America.

In this country no one cares about ancestry. The spectacle of Mark Twain weeping at the tomb of Adam is a humorous expression of American opinions on this general subject of ancestry. To save time he paid his devoirs to the fountain head without stopping at the Guelphs, the Tudors, the Bourbons, the Hohenzollerns, the Hapsburgs, or the Romanoffs. There is no time, if there was any wish in this great country—shaking to the tread of gigantic business—to inquire, "Who was his father?" There is only time for such questions as, "What do you know?" "What can you do?" "How have you succeeded?" Integrity and ability stand a man in better stead in America than show of purple veins of Norman blood. Even in the aristocracy (so to speak) of brains, ancestry in one sense, so far from being an advantage, is apt to be precisely the reverse. A son of Henry Clay or Daniel Webster can never hope to attain the lofty pre-eminence of the sire, and suffer by comparison. Great men do not always have great sons. For one Pitt, the son of a great Chatham, there are hundreds of sons who intellectually dishonor great fathers.

Brains, intelligence, industry, energy, and pluck; these are the talismanic words which stand for success in America, where no ghost of a dead feudalism hovers over the land, darkening it by its blighting presence. In England the first question, a silly echo of centuries, is, "Who is his father?" But who are the nobility? Have they any title as such to the respect of right-thinking persons? The nobility is running to seed, or rather the once noble tree is withering and dying; it has borne its fruit and its time has passed away. In Scriptural language, Why cumbereth it the ground? How many of the nobility are now worthless roues, habitual seducers, dried up or half consumed by the fires of passion and debauchery! They are dying as the fool dieth, with a drunken leer on their shrunken faces and the stain of dishonor on their escutcheons. The Commons of England will yet redeem the nation from the thraldom of a worthless aristocracy. America is the true field for the human race. It is the hope and the asylum for the oppressed and down-trodden of every clime. It is the inspiring example of America—peerless among the nations of the earth, the brightest star in the political firmament—that is leavening the hard lump of aristocracy and promoting a democratic spirit throughout the world. It is indeed the gem of the ocean to which the world may well offer homage. Here merit is the sole test. Birth is nothing. The fittest survive. Merit is the supreme and only qualification essential to success. Intelligence rules worlds and systems of worlds. It is the dread monarch of illimitable space, and in human society, especially in America, it shines as a diadem on the foreheads of those who stand in the foremost ranks of human enterprise. Here only a natural order of nobility is recognized, and its motto, without coat of arms or boast of heraldry, is "Intelligence and integrity."

CHAPTER LI.

ARBITRATION.

How the System of Settling Disputes and Misunderstandings by Arbitration has worked in the Stock Exchange.—Why not Extend the System to Business Matters Generally?—Its Great Advantages over Going to Law.—It is Cheap and has no Vexatious Delays.—Trial by Jury a Partial Failure.—Some Prominent Cases in Point.—Jury "Fixing" and its Consequences.—How Juries are Swayed by their Sympathies.—A Curious Miscarriage of Justic before a Referee.—The Little Game of the Diamond Broker.

WALL Street has derived great prestige and character from the New York Stock Exchange. In fact, the Stock Exchange is Wall Street, so to speak, so much so that if the Exchange moved to any other locality, the latter would become the new Wall Street, to the utter oblivion of the old, which would soon be eclipsed and regarded as a thing of the past.

The New York Stock Exchange has distinguished itself in many respects, but there is probably nothing for which it is likely to become more famous in history than its solution of the great problem of settling disputes aud misunderstandings by arbitration. Other financial bodies have tried the same substitute for ordinary law proceedings, but it would appear that greater success has crowned the efforts of the Stock Exchange in this particular experiment than any other corporate body.

The large number of cases on record that have been amicably settled by arbitration within the past few years, in which law would have been formerly considered indispensable, seem to point to a period, probably not far distant, when arbitration will be the great and ultimate court of ap-

peal in the large majority of civil cases. Several considerations will make it the most popular. It is cheaper, less complicated, not subject to vexatious delay; it is more equitable, and the members composing the Arbitration Committees are business men, who are quick to discern, accurate in perception, sound in judgment and decisive in drawing their conclusions on business principles.

The expense of arbitration is a mere trifle compared with the enormous sums swallowed up in litigation.

Transactions involving millions of dollars annually in the Stock Exchange are made subject to settlement by this method of arbitration in the event of any difference of opinion arising in any particular case. Very few instances occur in which there is any necessity to carry the case beyond the jurisdiction of the Arbitration Committee.

The number of cases actually settled in this way would probably cost half a million dollars annually if they had to be brought into court, to say nothing of the incidental expenses, which would amount to as much more, arising from delay, on the scale of present charges by the legal profession, even leaving out our own Evarts, who is probably the Boss charger of the Bar.

The success attending the system at the Stock Exchange, I think, goes far to prove that the method might be universally extended to the great pecuniary interest and personal comfort of business men throughout the country, for the adjustment of their misunderstandings and grievances among one another.

My object in writing upon this subject has for its basis the hope that this chapter may catch the eye of some of our great merchants in this and other large cities, and that it may suggest to those of them who have not contemplated the subject already, the advisability and necessity of establishing for themselves a similar method of arbitration to that which has been so successful in the Stock Exchange, to be final and without appeal, in their respective business affairs.

Experience has fully demonstrated that trial by jury is in innumerable instances a signal failure; especially has this been so since what is known as "jury fixing" has become so common in the courts. The practice of bribing jurors has now become a secret profession, and is so ably conducted that it is almost impossible, except in rare instances, to expose it.

But apart from this vicious and criminal practice of tampering with juries, there are many other reasons why it is next to impossible, in a large variety of instances, to obtain justice from an ordinary jury.

Human sympathy plays a very important part in the verdicts of juries generally. I mean by this, class sympathy. A business man who is regarded by the community as rich and powerful, can hardly expect justice from a common jury unless the party opposed to him occupies a similar station in society. Where the position of either the plaintiff or defendant calls forth sympathy with regard to worldly means, in the large majority of cases the ordinary jurors will bring in a verdict in favor of the man of small or moderate means, believing that they are in duty bound to sympathize with the oppressed. In a case where a clerk or a woman, for instance, is a party to the suit, it is next to impossible for a man of means to receive equity at the hands of the great palladium of our liberty. I am sorry it is so, but I speak feelingly in this matter, as I have myself been a victim of this unworthy class prejudice, in a country where all men are theoretically equal.

Counsel usually make a great display over the cases of impecunious clients, out of all proportion to their magnitude. Mole hills become ostensibly transformed into mountains in the eye of the highly imaginative lawyer, who works himself up into such a dramatic pitch of enthusiasm about the wrongs of his client, that he appears to be in dead earnest. He infuses the same feeling into the jury, who are beguiled into solemnity by the force of forensic oratory, and

fail to appreciate the farcical side of the case, but are totally swayed by sentiment and prejudice, to the utter exclusion of the evidence.

There are many objections, also, to trial or partial trial, by referee, although it is in many instances an improvement on the jury system. It is, however, amenable to numerous and flagrant abuses.

As an instance of this, I shall briefly relate a case which some time ago came within the sphere of my own observation.

A gentleman of my acquaintance had a claim for a very large amount against a financial man in good circumstances, and it was sent to a referee, who, after a long, tedious and exhaustive investigation of all the facts, gave a decision in favor of the plaintiff for several hundred thousand dollars.

Soon after the decision, the defendant saw the plaintiff, and made him an offer of thirty thousand dollars to settle the matter, at the same time stating that if he did not accept the offer, he would either appeal the case or hunt up fresh evidence for a new trial.

This offer of settlement, which was but a small part of the amount awarded by the judgment, was naturally declined by the plaintiff, and application was made to the court under the pretense of newly discovered evidence, for a new trial, which was granted. Thereupon, after another tedious trial, the old beaten track having been gone carefully over again, without omitting any of the aforesaid "whereases, neverthelesses and notwithstandings," or any of the monotonous flummery connected therewith, the case was again sent to the same referee, before whom the same wearisome inquiry was repeated. This time, however, the referee relieved the monotony, at the close, by rendering a decision in favor of the defendant, for a large sum, instead of the plaintiff, as on the former occasion.

This decision was a genuine surprise to the plaintiff, who then called upon the defendant and expressed in severe

terms his indignation at the change that had been unwarrantably made in the decision of the referee, saying he would not submit to it. He was extremely firm in his manner and said: "I positively assure you that if the judgment is enforced this town will not be large enough to hold you and myself."

The successful defendant then said, "What do you want me to do?"

"Well," replied the plaintiff, magnanimously, "I simply desire to be released of that judgment."

"Will that satisfy you?" asked the other litigant.

"Yes," he replied, "under the circumstances. I have had enough of such law, and want to get rid of it."

"Well," said the defendant, "I will do it, and give you a receipt in full in satisfaction of all claims."

After this cordial termination of the trouble, the defendant turned to the plaintiff and said confidentially, "I am sorry you did not take the thirty thousand dollars which I offered you. I would sooner you had it than anyone else, as I had to pay it all the same."

The profound lesson of humility taught in Scripture, that "the first shall be last and the last first," was fully verified in this instance.

As litigation is now carried on either before a jury or a referee, it has a tendency to stir up bad blood, which grows worse as the case progresses through its various and lengthy stages, leaving relations more strained and matters for both parties much worse at the end than at the beginning. As the case drags its slow length along criminations and recriminations between plaintiff and defendant are constantly elicited, and family matters that should be regarded as sacred are dragged before the eyes of the public, subjected to unfriendly criticism, and innocent parties who have no interest in the case are subject to have their private affairs made known, to their great mortification, and often to their great detriment, having a cloud thrown over their reputation long after the litigants have passed away.

Thus the evils of litigation are far reaching in their consequences, and frequently exercise a most deleterious influence over the character and prosperity of those who have nothing to do with the original parties to the contest, and have no interest in the suit.

The expense is also another important consideration in going to law, and is only to be measured by the bank balances of the contending parties.

The time lost in the methods of procedure now generally adopted is of the utmost importance, especially to people the success of whose business in a large measure may depend on their personal attention thereto. It is perfectly astounding to reflect on the important portion of a person's existence that may be lost in one case, which, from its inception in the lower court up through the regular gradations of the Supreme Court and Court of Appeals when a new trial is had, probably thus going over the entire ground twice, may consume all the way from five to ten years under the perpetual pressure of mental anxiety and torture before the end is reached, when at least one, and sometimes both parties, are financially ruined.

The worry, wear and tear of attending to a lawsuit in the capacity of either plaintiff or defendant is perfectly incomprehensible to those who have never passed through the trying ordeal. A person in either capacity, with his train of witnesses, is obliged to dance attendance on court every day, no matter how pressing the necessities of his own business may be. Books must be carried thither, and all his establishment must be upset for the convenience of the court and to gratify the whims and caprices of the opposing litigant. The business places of the two contending parties are entirely disarranged, and the help thrown into a state of partial disorganization. Each party to the suit seeks to give the other all the trouble he possibly can, and to subject him to all the sources of annoyance his imagination can devise. Such is the spirit imbued by going to law.

A lawyer, therefore, who has about half a dozen moderate cases has thus his entire time occupied, and while his clients keep out of bunkruptcy his income is as good as the annuity of a life insurance company, and frequently the security is better.

The effect of the change which I propose, in the majority of cases where merchants and business men find it necessary now to resort to legal methods, would perhaps not render the life of the ordinary lawyer so happy as it is under the present system, but the merchants would gain ten-fold more than the lawyers would lose, so the effect upon the entire community would be incalculably beneficial.

The system of arbitration which I contemplate could be extended in every line of business throughout the entire country, with a Central Association in New York or any other city that might be agreed upon. In fact, there might be several business centres, one in each important city, with its ramifications extending throughout the section in which its commercial interests more immediately clustered. Branch associations could be organized in the smaller cities and towns, enjoying all the facilities of direct communication with the central body, and availing themselves of all the information and statistics there collected, and the nature of decisions in special and leading cases of settlement.

Each association in its own city or town should be considered fully competent to deal with its own affairs, the Central Association being only consulted as an advisory body. I should recommend also that each association should have a governing committee, which should constitute its Court of Appeal, whose decision should be deemed final.

It would hardly be necessary to prescribe penalties for the few isolated cases that would kick against the arbitration system, and resort to law, as their legal experience before they got through would be punishment sufficient without the association taking any further action. Discipline, however, of a mild character, would have to be

enforced in these and other special cases, for the better efficiency of organization.

It might be well to have a rule whereby the parties submitting their cases to arbitration should recognize the necessity, after having the methods of procedure thoroughly explained to them, of putting themselves under obligations to abide by the decision.

In carrying out a national idea of this kind of association, business could be greatly facilitated and much expense saved by the various committees having due regard to their places of meeting, so as to be as near as possible to the centre of the greater number of the witnesses in each particular case.

The courts, which are now greatly overworked, would be immensely relieved by this system, and they would have more time to sift important and exceptional cases which, in their nature, could not possibly be made subjects of arbitration. There are quite enough of such cases to occupy the time of the various courts.

One of the most vexatious and irritating things connected with court trials is the constant attendance required, even when no progress is being made in the case. The expenses, too, are always accumulating.

Though nothing is accomplished the attendance of the lawyers is far from being a labor of love. Their services must be handsomely rewarded by the litigants.

Such a process of settlement as I suggest would not, after all, be any great hardship to the best of the legal fraternity, as there would be enough work left for them, but it would afford immense relief to the now overworked judges, while it would facilitate and forward the ends of justice to an extent that can hardly be imagined by those who have been always accustomed to the slow and monotonous machinery of the law courts, and it would help to weed out the large camp following of pettifoggers, whose occupation would be partially gone.

There is a great deal of time lost in regular court business, causing much exasperation to the parties to a suit, in settling mere technicalities and side issues of law, before the real merits of the case can be reached. Many of these technical delays could be easily disposed of by business men, on business principles, and by taking a simple and common-sense view of the matter, by the usual methods pursued in arbitration.

This new method of settling disputes would do away with the farce of giving bonds in many cases, which is another great source of annoyance, and which, after all, only amounts to a mere formality in a large number of cases, and in many others a very hollow and fraudulent pretense, as many of the bondsmen are only men of straw, and though technically qualified, are not in reality responsible for the obligations undertaken by them.

When good, reliable sureties are offered, in many instances they are put through an irritating course of examination in relation to their private affairs, much of which is entirely unnecessary, and only designed to perplex and annoy them. They are thus obliged to expose matters relating to their private business, about which the public have no right to know anything, and they are often examined in such a way, as if they themselves were on trial, and were attempting criminal concealment of something that they had a right to disclose. A good deal of this arises from the impudent, unmannerly style of certain lawyers, who treat a man as a criminal suspect, when he has no interest in the case whatever, but has simply come voluntarily forward to assist a friend in trouble.

This is all, however, in the present method of procedure, connected with the machinery of so-called justice, and this kind of abuse has been carried to such an extent in some of the instances just referred to, that very few responsible parties, who know anything about the *modus operandi* of qualifying as a surety, are willing to respond to such calls of

friendship. Hence, one of the difficulties in obtaining good bondsmen, and an additional reason why the professional straw men are so plentiful.

It probably helps the business of the latter, between whom and the abusive lawyers there may be an understanding on "boodle" principles.

I shall relate an instance which I consider worthy of permanent record illustrative of the matters to which I here refer, in which my firm was victimized.

On the occasion referred to, my firm sued a client for a just debt of sixteen thousand dollars. The case was sent to a referee, whose standing, in his particular line, was unquestioned at the time, and very few men, in his circle, had better family connections. He stood high in his profession and both side were satisfied with the choice. The case was very long and tedious, having been drawn out to a most provoking extent by encumbering the record with immense piles of irrelevant matter. The renewed calls for legal fees on both sides were numerous and vexatious, yet there was no help but graceful submission to the payment of this tribute.

After a number of years it was reluctantly conceded by the lawyers that the evidence was all in on both sides. The litigants breathed heavy and responsive sighs of relief, each side being confident of victory.

A short time prior to the close of the case, the referee spoke to me, gratuitously offering his advice to settle the case, as he said he intended to give a decision adverse to my firm. To this I demurred, and expressed my determination to fight the case to the bitter end.

The result was, however, that my firm not only did not get a decision in its favor for the $16,000 to which it was justly entitled, but this claim was wiped out by this Daniel come to judgment, who gave a decision in favor of the defendant for $132,000.

I regarded this award as such a terrible outrage upon jus-

tice that I obtained a stay of proceedings, and made an appeal, setting forth therein the advice given to me by the referee to settle before the case was closed.

Judge Fancher, who wrote the opinion on behalf of the bench, consigned that referee to everlasting disgrace, and set aside his opinion. There the case ended.

Another instance in my experience will illustrate the point which I have made in regard to the sympathy exhibited by juries with those whom they regard, rightly or wrongly, as oppressed. At one time I had employed a clerk at the rate of $2,000 per annum. He was a great disappointment to me in regard to competency, for the work for which I had engaged him, and for his entire lack of application to, as well as deficiency in, the department to which he was assigned. At the end of the first year, therefore, I gave him notice, in presence of two competent witnesses, that I should not require him after his year had expired, and advised him to look out at once for another situation. On the last day of the year he came to me with tears in his eyes and said that he had been unable to obtain another place, owing to the bad times prevailing, and begged me, in the name of his family, who was solely dependent upon him, to keep him in my services still longer, until he could get another situation. Purely out of sympathy for his condition, and believing his story, which was very plausible and pathetic, I told him that he might remain a short time longer on the same salary, but that I should require him to use all his exertions to get another place as speedily as possible.

When he entered on the second term his services were no more use to me than a fifth wheel is to a coach. After the expiration of a few weeks, I sent for him and inquired if he had got another situation; I said I had given him ample time to obtain one, and that I could not consent to keep him any longer. I therefore requested my cashier to draw a check to his order for the balance of his wages, up to date, filled in as a part of the body thereof with the words "payment in full for all claims and demands."

Thereupon he left my employment, but called repeatedly at the office afterward. I assumed that his visits were simply for the purpose of paying his respects. At the expiration of the second year I received a notice of suit which he had commenced in Brooklyn for the balance of salary due him for the year, being at the rate of $2,000 a year for ten months.

The case came up duly in the Brooklyn court, his only witness being his father, who had made several calls upon me after the discharge of his son, on the strength of which he set forth, in his evidence, certain conferences that should have taken place between him and myself, the greater part of which were purely fictitious. He was the only witness called on the side of the plaintiff, while I had five or more witnesses to substantiate the facts, as I have related them, in relation to the young man's discharge, all of them being of most excellent character.

Strange to say, the jury entirely ignored the overwhelming testimony on my side, and seemed to be altogether influenced by the "spread eagle" address of the defendant's counsel, which I am free to say was both able and ingenious. He drew a harassing picture of the poverty of the young man, and presented the imminent destitution of his family in a most pitiable light, brought about solely by the ruthless treatment of this hard-hearted millionaire and bloated bondholder. Hence the verdict was made, through the force of counsel's oratory, to depend exclusively on the sympathy of the jury, irrespective of the evidence.

The case occupied several days, with five or six employees from my office in constant attendance, who were obliged to carry to and from court, every day, huge books and large quantities of papers, disturbing the regular business of the office in a very disagreeable manner.

After counsel had gone over the ordinary rigmarole in reviewing the testimony, the jury went through the formality of retiring, to keep up appearances, and after a brief interval

of absence returned to court with a verdict for the deeply injured clerk for back pay, together with interest for the ten months during which he had not rendered me an hour's service.

My lawyer was easily able to obtain fresh evidence from other sources, but he had not considered it necessary to put any more witnesses on the stand, as he had regarded the testimony already produced more than ample, so sanguine was he of success, and so fully satisfied of the plainness of his case, which he considered had only one side, and that in my favor.

The jury, however, put the boot on the other foot, upset all my counsel's calculations and showed him that his law went for nothing where the famous twelve had the right to judge and legislate at the same time in accordance with their sympathies and prejudices. Still he went through the formality of going before the judge with new evidence, and applied for a new trial, which was ordered on the ground that the verdict was not in accordance with the weight of evidence.

The new case was called after the customary delays, and the same ground was duly traversed again, with my additional witnesses, before another highly intelligent jury, whose prejudices were all on the side of the greatly injured young man, who sought twelve months' pay for two months' useless services. The only witness that appeared again for the defendant was his faithful and veracious father, whose memory was marvellously correct in relation to his former statements on the first trial.

There is an old proverb which says that it requires such men to have good memories. I need not quote it, as almost everyone knows it.

To make a long story short, however, that forensic orator appeared again for his poverty-stricken client, armed with all the old enthusiasm exhibited on the former trial. He had not much new matter to present, but his dramatic attri-

butes, by dint of longer practice, and more familiarity with his side of the case (it was only necessary for him to study the one side) had become considerably improved since his former effort, and it is needless to say that he carried the jury with him.

By that intelligent safeguard of our liberties, the jury, the second trial was only regarded as an aggravated case of persecution, on my part, and the verdict was given more cheerfully in favor of the plaintiff than on the former occasion.

Although it would have been much better for me, from a financial point of view, to have paid the amount of the exaction, with all the legal and illegal fees and impositions connected therewith, yet I felt disclined to be bamboozled in that way.

When the court was applied to for another new trial, the judge said, "I have already given you one new trial, taking the responsibility. The relief you now ask has already been before two juries, and I am not willing to take upon me any additional responsibility in the matter. You must therefore look for any further rights or redress to which you may consider yourself entitled, to the Court of Appeals."

The case is now, therefore, awaiting the good time and discretion of the Court of Appeals, where it will, in all probability, be heard and adjudicated upon sometime within the next ten years. In the meantime the young man is happy in the reflection that his judgment is a good investment, drawing six per cent. interest.

There is still another case illustrative of some of the peculiar points referred to, and showing the truth of the maxim among lawyers that, "You never know what a jury will do," in which I had the honor, or the misfortune to be joined.

A well-known outside broker in Wall Street, who had a large experience in transacting business for Mr. Sage and other notabilities of the street, in "puts," "calls," and other exterior securities, came to me one afternoon and asked me if I didn't want to buy a pair of diamond earrings.

At that time I had not begun my career as a dealer in diamonds, except in one solitary instance, and that was when I purchased the wedding ring, which is one of the requisites in a matrimonial contract for a long term. I was, therefore, comparatively a tyro in the business, and the party with whom I was dealing did not fail to take advantage of my inexperience. I made some inquiry about the diamonds from this broker, to which I received apparently satisfactory answers, and I concluded they would suit my wife, and as I had had a good day's business I made him an offer of a thousand dollars for the precious ornaments, which he quickly accepted, and I paid him the money.

In the course of a few weeks after I was waited upon by a diamond dealer and his lawyer, with neither of whom I had the honor of any previous acquaintance, and they accordingly introduced each other. The diamond dealer introduced the lawyer and *vice versa*. I immediately concluded I was going to get a good stock order from both of them, but I was soon disappointed as well as surprised to find that these gentlemen had called on an entirely different kind of business, which was totally devoid of commissions on any stock transactions.

They said I had a pair of earrings belonging to them, and I declined to give them up except on return of my thousand dollars.

These two gentlemen bade me good day, and in the course of time I was served with the usual legal papers in a suit which reached the calendar after some time. The young man who sold me the diamonds was put on the stand. He testified that he had received them from a certain diamond broker, but not the dealer in question, with whom he had had no connection whatever.

The diamond broker, it appeared, had long been agent for this dealer, selling diamonds and had, as set forth in the evidence, sold over ten thousand dollars' worth in a few years.

During the trial a paper was produced to prove that this broker had received these diamonds to show them to a customer, and as it turned out I happened to be the customer. The money which I had paid him for them he had failed to turn over to his employer, of whom I had no knowledge, nor had I any chance of knowing him in the transaction.

All the facts were presented, as above related, to the jury, who, after due deliberation, decided that I must give up the diamonds and suffer to be cheated out of my thousand dollars.

This case is now on appeal. I have since offered to relinquish the diamonds and lose my money, rather than suffer the expense and trouble of continuing the litigation, but plaintiff wants to bleed me further to the tune of $300 to cover his law expenses. To this illegal tribute I have not yet submitted, and have resolved to see what virtue there is in further defense before a higher tribunal.

"Millions of dollars for defence, but not a dollar for tribute," is a maxim which it is expensive to follow, but after all, the result of such a course, if one can afford it, may be morally healthy.

I consider that these cases, in which I acted a rather unenviable part, are only samples of many which constitute one of the best arguments for a general system of arbitration, such as I have briefly and imperfectly outlined.

CHAPTER LII.

NEW YORK AS A FINANCIAL CENTRE.

ITS PAST, ITS PRESENT, ITS FUTURE.—BANKING DECADENCE.—GROWTH OF INTERIOR CENTRES.—OBSTRUCTION FROM THE NATIONAL BANK LAWS.—RELIEF DEMANDED.—REQUIREMENTS OF THE FUTURE.

WHAT New York has been as a centre for the settlement of financial transactions is a matter of history; what it is destined to be, in that respect, may not be so entirely certain as some people hastily assume. There are some facts which seem to suggest the question whether our city may prove able to retain its past proportion of the vast settlements of this ever-growing continent; and, although there is nothing to warrant very positive opinions about the future, it must be conceded as an unquestionable historic fact that in late years there have been symptoms of positive decadence in the status of our financial metropolis.

In the past there have been three separate successive sets of conditions directly affecting the financial standing of New York. First, there was the period when this city was the distributing point for nearly all the importations, and for the bulk of our domestic manufactures through all parts of the country. Equally, New York was the almost sole port of export for Western products, and although the exports for the cotton States were made direct from their local ports, yet the financial transactions connected with those shipments were effected through this city. Then New York had virtually no competitor as an exchange centre.

Next came a period during which the larger Western cities, especially Chicago and St. Louis, aspired to become distributors of foreign and Eastern merchandise; a change very naturally following the rapid growth of population in the West and Southwest. Thus a vast jobbing trade became

rapidly established at these interior centres, and New York's share in the distribution of goods to the retail trade became, in a large measure, confined to the Middle and nearer Western States, and to a portion of the South. The jobbers of these new interior centres, however, had still to get their supplies of merchandise from or through the Eastern metropolis; so that, whilst we lost much of our jobbing business, we retained, with some limited exceptions, the importing and commission branches, together with their ordinary rate of increase.

We are now in the beginning of a third and still more important era, during which both the importing and commission branches of our trade are threatened with invasion. The Western jobbing houses have attained a standing which warrants their importing direct from the countries of production, instead of through New York. Another Western and Southwestern consumption has risen to such a magnitude as to encourage the creation of manufacturing establishments in the vicinity of the markets. The West is rapidly becoming a competitor in the leading branches of manufacture with the East, and is evidently destined to supply itself, at no distant day, with a very large portion of the domestic merchandise hitherto contributed through New York merchants, and with the facilities of New York banks. Nor is this all. Chicago and some other Western cities are throwing off their dependence on New York intermediaries for the exportation of grain and provisions, selling them direct to Europe, and shipping the goods on through bills of lading.

These changes are not the result of any mere spirit of blind recklessness grasping after business. They are the product of actual natural economies, and appear to be so decidedly in the interest of the Western merchants that it can hardly be doubted that the new methods have come "to stay."

Clearly, then, the natural development of national produc-

tion of commerce is to build up independent financial centres at the interior, the effect of which can only be to check in some measure the growing ascendancy of New York. Perhaps few among my readers will be prepared for the following statistical facts bearing on this question; the conclusions to be drawn from which are not very flattering to the pride of the "Gothamites."

The transactions at the New York Clearing House are the surest indication of the standing and progress of this city as a financial centre. The records of that institution show that its annual exchanges rose step by step from 5,750 million dollars in 1854 to 48,566 in 1881, an increase of 744 per cent. in 27 years, or at the average rate of 1,585 millions per year. From 1881 there has been the following remarkable rate of decline:

In 1881,	the	exchanges	were	48,566	millions	of dollars.
" 1882,	"	"	"	46,553	"	"
" 1883,	"	"	"	40,293	"	"
" 1884,	"	"	"	34,092	"	"
" 1885,	"	"	"	25,251	"	"

Thus it will be seen that there has been a decline in the transactions of the Clearing House banks of 23,315 millions, or at the rate of 48.4 per cent., within the last four years. Last year the exchanges fell below even those of twenty years previous, when the amount was 26,032 millions. Of course, this very remarkable decrease in the volume of transactions is, in part, attributable to the great falling off in the amount of speculative transactions in 1885, as compared with 1881. This, however, can only account to a comparatively small extent for such a vast change. Something is also to be attributed to the general decline in the prices of merchandise and investments during the period; but this explanation is also entirely inadequate, for the average fall in prices did certainly not exceeded 20 per cent., while the decrease in the exchanges, as already shown, had been 48.4 per cent. Moreover, on the other side, some offset against the de-

cline in speculation and in prices must be allowed on account of an increase of five to six millions in the population of the country during the interval; which alone should call for an increase of 10 per cent. within this period. It is still more significant that, since the year 1872, the capital of the banks in the New York Clearing House has been reduced from $84,400,000 to $58,600,000, a decline of 30 per cent.; which at least implies that banking has become less profitable than it formerly was, and which could scarcely have happened if New York had retained its wonted share of the increase of financial operations arising from the growth of population and commerce in the nation at large.

Some light may be thrown on these changes by a comparison between the ratio of progress in the transactions of the Clearing Houses of New York and Chicago respectively.

In 1866, the first complete year of the Chicago Clearing House, the clearings amounted to $453,800,000, while in 1885 the figures reached $2,318,500,000—an increase of 410 per cent. At New York, in 1866, the clearings were $28,717,000,000, and in 1885 they had fallen to $25,250,000,000—a decrease of 12½ per cent. within two decades of great national progress, and while the population tributary to this city had increased over twenty millions.

In the year 1879—the period of the resumption of specie payments and of the beginning of a great revival of commerce and of financial enterprise—the Chicago Clearings were $1,257,700,000, and last year they were $2,318,500,000, showing an increase of 84.3 per cent. The clearings at New York, within the same period, show an increase of about ¼ of one per cent.

It has already been shown that the capital of the banks in the New York Clearing House (exclusive of surplus) fell 30 per cent. below 1872 and 1886; on the other hand, the capital of the banks in the Chicago Clearing House rose from $9,845,000 in 1872 to $16,928 000 in the present year, an increase of 72 per cent.

The foregoing comparisons show that although the clearings at Chicago are only about one-tenth those of New York, yet the former city is making very rapid strides, while here we are virtually retrograding, and confirm the conclusion above expressed, that the importance of New York as a financial centre is suffering from diversion of settlements and of banking facilities to the larger cities of the interior, and especially to Chicago.

So far as this tendency is the result of natural changes in conditions, it is inevitable and must be permanent, if, indeed, it be not destined to gain in force and extent. But so far as the change is due to artificial obstructions to banking operations, it is susceptible of modification.

And here I may be permitted to venture certain suggestions which may quite possibly encounter objections from men more than my peers in banking experience and wisdom. It has long been my conviction that the banking arrangements existing at New York are far from satisfying the requirements of a city that not only aspires to be, but also possesses many adaptations for occupying the position of the great financial centre, not only for domestic settlements, but also for international exchanges.

The bulk of our banking transactions are done by banks incorporated under either national or State laws. Admirably as the national banking system, taken as a whole, is constructed, yet it includes some important positive disqualifications for its institutions performing an important class of operations essential to a great centre of exchanges. It was, perhaps, not to be expected that a system designed mainly for provincial cities and for rural populations should adequately provide for these broader wants. Nor could any uniform and homogeneous system be expected to be very perfect and satisfy at the same time both classes of requirements. Interior banks, whose management must be expected to be more or less lacking in experience and competency, may need to be placed under legal restraints, which, in the case

of a thoroughly conducted metropolitan bank, would be not only needless, but positively injurious. Unfortunately, this discrimination has received little recognition in our national bank legislation; on the contrary, that larger discretion which should have been conceded to the higher training and more select ability that administer the metropolitan banks, has been ignored, and heavier restrictions have been placed upon the New York national banks than upon those of any other part of the national system.

The "reserve" laws are oppressive to no better purpose than that of positive injury. All other banks than those of New York are permitted to count in their reserves any funds resting with their "redemption agents;" and this item usually constitutes, in the case of banks of the "other reserve cities," 41 per cent. of the total reserves held, and in the case of all other banks about 60 per cent. The New York banks, on the contrary are compelled to hold their *entire* reserve (25 per cent. of their deposits) in the form of lawful money. Nor is this the heaviest embargo. The reserves are not permitted to be used when the occasion arises for which a bank reserve is always presumed to be provided. The moment a bank allows its reserve to fall below the required 25 per cent. it becomes the duty of the Comptroller of the Currency to close its doors and put it into liquidation if the deficiency be not immediately made good. If panic occurs, and depositors want their money, there is nowhere any power to relax the crushing force of this law, and the banks are therefore compelled to suspend payment to depositors and in order to avert general ruin at such times they have to resort to the expedient of making their cash assets available in common, thereby saving themselves and their customers outside of and in spite of the destructive tendency of the law. Of course, the danger of running into such a crisis as this creates a feverish dread in all times of special stringency in the money market. All eyes are at such times fixed upon the reserve "dead line;" and, as

that limit is approached, loans are artificially contracted, depositors draw their money, and the very reserve that should be used for elasticity and to relieve periods of special tension become the certain cause of panic and ruin. A banking centre whose banks are periodicallyexposed to dangers of this serious character, and where the law unites with adverse circumstances to foster panics, is hampered with the worst possible disqualification for performing those higher and broader functions of banking which demand freedom of discretion and elasticity of resource.

This evil appears all the greater when it is considered that the amount required to be set apart as so much idle reserve ordinarily exceeds the entire capital of the banks. It might be supposed to be serious enough that such a large proportion of the resources of the bank should be held perpetually idle and earning no interest; but when this sacrifice of earning capacity is made for a purpose that brings no advantages, but rather a very serious danger, the effect can be nothing less than an unwholesome and very injurious restriction upon banking operations, and it is not surprising, therefore, that the national banks of New York city exhibit decadence instead of progress.

What is needed to enable this metropolis to reach the financial status to which it is entitled is a class of banking institutions possessing facilities and functions much broader and freer than those conferred by the national charters. It is out of the question to hope that these facilities may be provided through modifications of the national bank system. The banks, and especially those of New York, have to encounter so much prejudice and ignorant demagogism from Congress, in seeking any modification of the national system, that they would sooner endure almost any wrong than demand changes in the law. Their only redress is in reorganizing under the State laws, which many of them have already done, whilst new institutions almost uniformly prefer the State system. To meet the wants here contemplated,

it would probably be necessary to get from the State Legislature special authorization for forms and functions of banking not now distinctly provided for under either Federal or State laws.

The special business to be done by such a class of banks scarcely needs enumeration, much of it being so self-evident. In the present stage of our national development, it is becoming a grave reflection upon our men of capital that we should remain almost entirely dependent on foreign bankers for the facilites for transacting our immense external commerce. The necessity that formerly existed for this dependence can no longer be urged as an excuse. All the capital and the banking experience necessary to found and to administer large credit and exchange institutions are ready to hand. A business of $1,200,000,000 per annum connected with our imports and exports would be available for this form of enterprise. Our export trade is crippled in many branches of business simply because it is found impossible to get the liberal credits necessary to facilitate consignments to distant markets. Manchester defeats us on cotton goods, not so much on the ground of prices or superiority of fabrics, but because her merchants can get any time or amount of credit required, whilst we have to market our goods on restricted credits and through Manchester agents, who at the same time are selling English products in competition with ours. The English exporter has the advantage of being able to get his credits from the bank with which he keeps his account, while the American has to go to a foreign banker, who has no inducement to consider his convenience or to moderate his charges. The natural place for an export merchant to keep his account is with the bank that grants him his credits; and this fact suggests the facility with which banks of the kind here suggested could build up a large business.

Every year we find it necessary to largely pledge our cotton crop in advance to provide the means for gathering and mar-

keting it. Why should this money have to be drawn from England, especially as the crop is thereby subjected to the control of the foreign buyers, and we are unable to protect our own products? These advances afford an illustration of another class of important operations in which the existing banks cannot directly participate, but which ought properly to be undertaken by domestic banks.

With respect to our importations, what sufficient reason can be urged why the importer should have to get his credit from the agent of a London banker, instead of receiving it from an American bank through which he chose to transact his entire business, and which, therefore, would be the fittest source for procuring his credits? It cannot be to the advantage of the importer to be exposed to the vicissitudes of the European money markets, nor can the London banker grant credits to merchants 3,000 miles distant, whose position he imperfectly knows, without compensation for the extra risk. The business is, therefore, done at a disadvantage to both parties. The credit should be issued directly from the point where the importer does his business; and this would soon become the fact were banks to be provided possessing special adaptations for doing such a business.

Other functions proper to institutions of the character here suggested would be the negotiation of corporate loans, temporary advances to corporations, the receiving of corporate accounts, and the facilitation of corporate reconstruction. Banking for the larger corporations presents many possibilities of advantage to both banks and companies of which our existing banks cannot, as at present restricted, avail themselves.

It is needless to say that these suggested institutions, whilst undertaking operations of the special character above indicated, should also aim to secure the best class of deposits and to discount the higher class of paper. As the national bank laws would prohibit to them the profits of circulation, it might well merit consideration whether they should not

issue to customers of high standing their own acceptances, within certain safe limits. These credits, yielding the current rate of interest, would be a highly profitable, as well as an entirely legitimate branch of business; and they have the sanction of successful usage among the best banks of London. I am unable to see what objection there should be to further following London precedent by allowing on deposits a rate of interest below that current in the market for the time being. Such a course would attract accounts and would immensely increase the power and the earning resources of the banks. Moreover, as such institutions, being exempt from embarrassing reserve restrictions and other needless limitations, would be less subject to the oscillations of the money markets than are the present banks, they would afford better advantages to members of the Stock Exchange in the form of loans upon securities than they now are able to get. The importance of this business may be inferred from the fact that the yearly transactions in stocks at the Exchange have averaged, for the last six years, 102,000,000 shares, which, at an estimated average of $60 per share, represents an annual business of $6,120,000,000, to say nothing of the business in bonds, which also is very large.

Banks of this character would naturally attract a large portion of the Stock Exchange houses, which experience has shown to be exceptionally safe and profitable. The single fact that these banks would not be obligated to conform their loans to arbitrary 25 per cent. reserve would be a decisive reason for Wall Street firms doing their business with such institutions.

To some extent the wants here alluded to have been met by our loan and trust companies. As institutions of loan and deposit these institutions are doing important public service, and the deficiencies in the functions allowed to the national banks are diverting to them a large and valuable business. The companies of this character in New York and Brooklyn have nearly $14,000,000 of capital and

$15,000,000 of surplus and profits. Their resources aggregate $175,000,000, and their deposits $137,000,000. Their rapid progress is indicated by the fact that, since 1883, their resources have increased $32,000,000, or at the rate of 27 per cent. during three years of depression in business. But while this success demonstrates the great necessity for enlarged local banking facilities, the facilities afforded by the trust companies are entirely too limited to satisfy the large special requirements of a great financial centre above referred to, and only add to the necessity for a class of banks which shall do for New York what the great joint stock banks and the mammoth private discount houses of London are doing for the business of that cosmopolitan centre.

These suggestions are offered for what the men of Wall Street may deem them worth. They demonstrate that there is ample scope and urgent need for a new element in our banking arrangements to accommodate the larger operations of finance and commerce; and it would not be difficult to prove that the country is suffering seriously from lack of such facilities. It will not be pretended that there is any lack of either the capital or the managerial talent requisite for such enterprise. Nor, since the rate of interest has come to rule as low in this country as it is in Europe, have we any longer anything to fear on that ground from the competition of foreign bankers. At any rate, if New York aspires to a position of financial independence and to become, in the broadest possible sense, the financial centre of the vast and growing exchanges of this continent and of its transactions with other nations, there should be no delay in giving this greater breadth and scope to its banking institutions. Our merchants, I am satisfied, are ready to respond to a movement of this character; are the bankers and the capitalists equally prepared to provide the facilities?

CHAPTER LIII.

EARTHQUAKE THEORIES AND WALL STREET AFFAIRS.

THE SHOCK OF EVERY CALAMITY FELT IN WALL STREET.—EARTHQUAKES THE ONLY DISASTERS WHICH SEEM TO DEFY THE POWER OF PRECAUTION.—BECOMING A SUBJECT OF SERIOUS THOUGHT FOR WALL STREET MEN AND BUSINESS MEN.—THE VOLCANO THEORY OF EARTHQUAKES.—OTHER CAUSES AT WORK PRODUCING THESE TERRIFIC UPHEAVALS.—WHY CHARLESTON WAS MORE SEVERELY SHAKEN UP THAN NEW YORK.—WHY THE SOUTHERN EARTHQUAKE DID NOT STRIKE WALL STREET WITH GREAT FORCE.—EARTHQUAKES LIKELY TO BECOME THE GREAT DISASTERS OF THE FUTURE.

WALL STREET is the financial centre of this country as much so as London is recognized to be the financial centre of the world at the present time. Hence it is really the heart of the nation, through which its financial blood flows to invigorate and impart new life to every section of the land. Hence, also, every section and city have an influence on Wall Street. When the Chicago fire occurred it immediately created a panic. When a calamity occurs at any part of the country the shock is first felt in Wall Street. When a large failure happens, such as that of a bank or important railway, in any other locality, the influence is at once imparted to Wall Street. This is owing to the fact that Wall Street is the recognized and only market for securities of every description. All sections are dependent upon it, because it controls the money market. It is the great connecting link of the financial transactions of the whole country. A probable disaster through fire, like that which occurred at Chicago, is now no longer a terror to the Street or to the country, as was the case for a long time after that terrible calamity, for the reason that methods have been adopted for the purpose of restricting the conflagration and

confining it within narrow limits. Fires which occur now are soon extinguished, and it is unlikely that they can ever play such havoc as they have done in the past. The possibility, with our enlarged experience, of taking precaution against those various calamities has robbed fires of most of their former terrors. Science and machinery have furnished us with the means of grappling with them.

But the one great, and now very alarming exception, which seems to defy the power of science and every human precaution, is an earthquake. This remarkable phenomenon has awakened great interest and inspired terror in the minds of the people at the present time, because the exhibition of its destructive powers is fresh in our memories on account of its terrific visitation at Charleston. Hence, many people are in great fear that some other section of the country may be stricken at any moment with a similar overwhelming disaster. It is the insidious and uncertain nature of the calamity that strikes the mind with awe. There is no possibility of anticipating it or making the least provision to avoid its dreadful consequences. The Charleston earthquake wiped out over ten millions of property. It came, like a thief in the night, and before morning the greater portion of the city was a mass of ruins. When we reflect on the extent of the destruction of property, it is marvellous how few people were killed—only about one hundred, and only two or three hundred were wounded. One of the greatest wonders why this calamity should have occurred in Charleston is, that part of the city has stood for nearly two centuries, and the recent earthquake has been the first it has experienced. Another curious circumstance is, that the disaster should have occurred on so large a scale there, as the locality is so far removed from the region of any volcano.

This clearly demonstrates that the old "volcano" theory of earthquakes is thoroughly exploded, and we must seek for causes and the explanations in other quarters. Although

Wall street has not been governed by any known law of earthquakes, except as regards the fluctuations of the properties in a bear market dealt in at the Exchange, yet a great number of Wall street habitues, as well as other business men, are beginning to think seriously on the subject of earthquakes, and are attempting to penetrate their causes. Reflecting upon the upheaval—or rather the settling down of Charleston—I have come to the conclusion that similar disasters may be looked for in other localities, hitherto not subject to them, and considered by scientists absolutely free from these phenomena, at least on so large a scale. These peculiar disturbances that now make life so precarious on this planet, I attribute to the innumerable and so largely increasing excavations going on in various parts of the country, in the different mining operations, which displace the underpinning of the surface and cause it to sink beneath the weight which it carries. Of all the great mining industries which conspire to produce earthquakes, I think that of oil plays the most important part, and is the most treacherous in its operations beneath the surface of the earth. The pumping of oil from the bowels of the earth has been going on for thirty years in this country in several districts. I believe it is not too large an estimate to state that in that time an enormous lake of oil has been removed, that would probably fill the basin of Lake Erie or Ontario. That fluid made its way, probably, some of it from long distances in subterraneous rivers before reaching the place where the nature of the soil permitted it to gush through a shaft to the surface, as it does in such abundance in the oil regions of Pennsylvania. Some of those undercurrents may have come from other States, percolating through and disintegrating the soil in their passage for hundreds of miles, until they found an outlet, on the principle that all fluids have a tendency to find their level. There may be a great underground reservoir of this oil, which has taken many years to penetrate through the earth owing to the tendency

stated, cleaving, in its subterraneous journey, fissures through ranges of mountains, and thus loosening the earth and taking away the support from the surface wherever it has penetrated. The fluid, percolating through various strata of clay and rock, has displaced these in its course. Owing to this displacement there must, of necessity, be a settling down of the land in the various regions through which the oil has passed, which will, of course, differ in degree owing to the density of the rock or clay. If the earth should be of a pulpy, soft nature the settling will be greater, and when it happens to be the foundation of a town or city the catastrophe will also be greater in inverse proportion to the degree of consistency of the earth. It is presumable, therefore, that some of the streets beneath the foundation of Charleston is of this pulpy, yielding character, and hence great was the fall of that city.

When New York was visited by the earthquake in 1884, and at various other times, there was only a moderate shaking up, comparatively speaking. Why? Because its substructure is solid stone to an immense depth, even lower than the depths of the ocean. Of these subterraneous rivers of which I have spoken we have many examples besides that of oil, and also proofs that they traverse great distances, as, for instance, in the case of the Saratoga Springs. It is clearly demonstrated that in the case of these and other springs the waters must come from various sources, and pass through many varieties of minerals before they arrive at their destination, and thus receive the combination of elements which impart to them their medicinal qualities. Then there are numerous instances of this remarkable power of water in the case of these monstrous land slides in mountainous regions, such as the Alps. In the act of attempting to find its level, too, water sometimes exerts its influence, in breaking up rocks, equal in its manifestation to a powerful explosive. Thus we see the great influences that are at work everywhere capable of

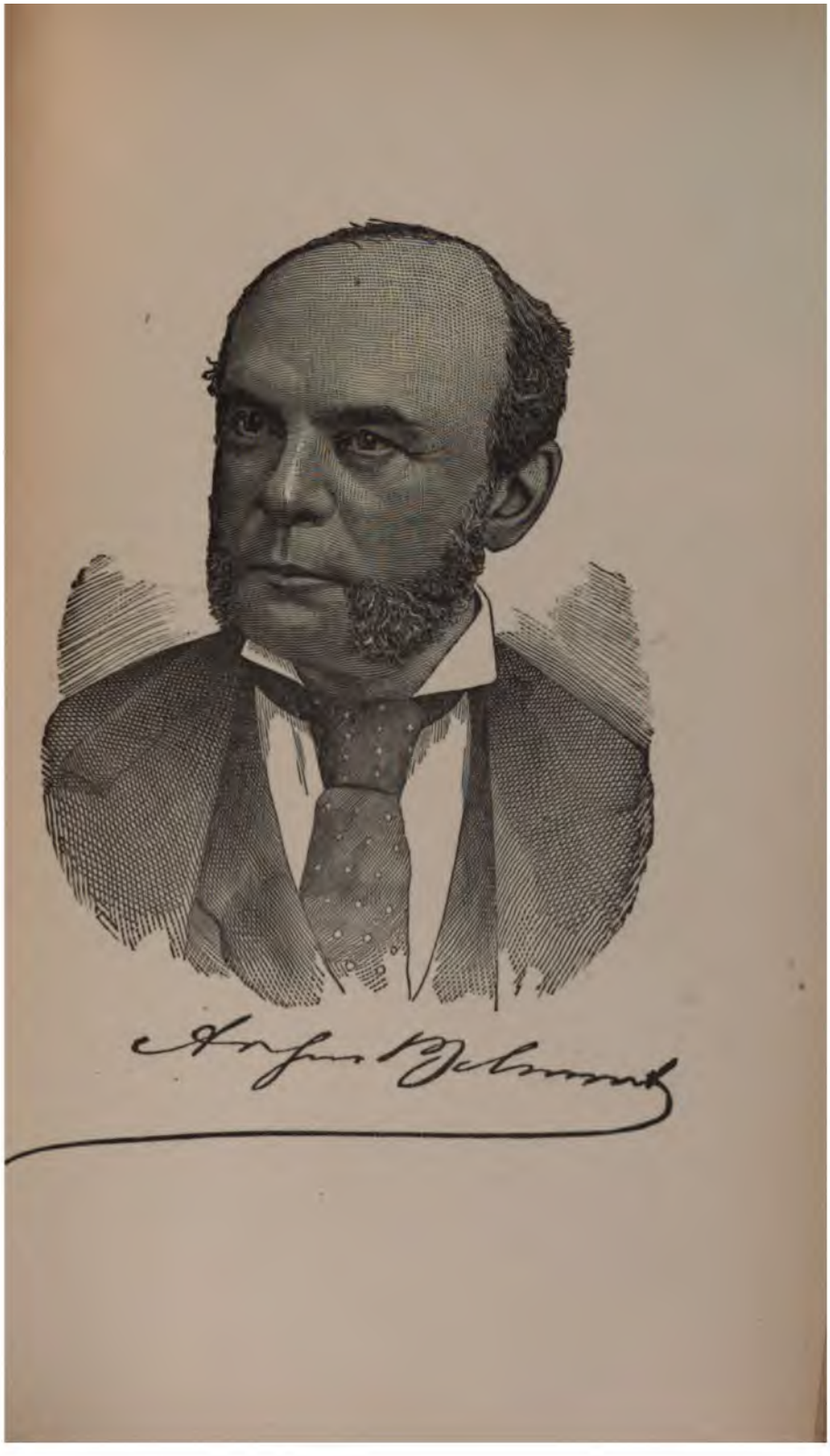
producing earthquakes without the necessity of resorting to the volcanic theory and without the aid of fire.

In further illustration of this theory of earthquakes, let us suppose that one of these immense oil lakes which must exist in the bowels of the earth should be situated beneath a mountain, where it has been undisturbed for ages, but through some recent disturbing cause—most likely that of excavating, to which I have referred—it begins to find an outlet through various fissures. When once started, this great mass of fluid matter begins to go with a rush, forcing innumerable outlets, until the internal lake is in a measure exhausted. This creates an immense vacuum, which deprives the mountain of a large portion of its support; hence there is a settling down of several inches or several feet, according to the nature and the solidity of the support. It is this process of settling down and the struggle of the large masses of fluid to force their way out, that create the rumbling noise resembling that of distant thunder, and which also cause the tremulous and quivering motion felt at the surface of the earth, and still more distinctly in the houses, and most distinctly of all in the upper stories thereof. These effects may be produced at a great distance from the original cause of action, varying, of course, in their intensity according to that distance. Several of these effects have been distinctly experienced in Charleston since the first great catastrophe, but showing that the cause is weaker and further removed from the scene of the disaster than it was during the first fearful shock.

The Charleston earthquake did not strike Wall Street with very great force. The very fact of its weak effect upon the great financial centre of gravity created about as much surprise in the Street as the frightful shock itself did in a very different and opposite manner upon the people of Charleston. The reason that the great catastrophe which overwhelmed Charleston had so little effect on Wall Street was chiefly owing to the fact that comparatively little loss fell upon the

corporations or the people connected with Wall Street interests. The loss of ten millions fell mainly upon the people of the doomed city alone. Only a small portion fell upon people located elsewhere either in the North or the South. Had such a disaster happened in any of the large cities North, East or West, owing to their intertwining connections with Wall Street, a panic would have been the result not unlike the one which followed the Chicago fire.

Earthquakes are likely to become the great disasters of the future most to be dreaded. Our population now comprises sixty millions, which, at the present rate of increase, will soon reach one hundred millions. Among these is a large proportion of go-ahead, driving men, who are constantly diving into the bowels of the earth to dig up the vast treasures which are there concealed. Through this laudable enterprise the underpinning of the surface of our globe is being constantly disturbed; and though it is far from a consoling reflection, the time may come, and may not be far distant, when such calamities as that of Charleston may be as common as railroad accidents are now.



CHAPTER LIV.

AUGUST BELMONT.

THE AMERICAN REPRESENTATIVE OF THE ROTHSCHILDS.—BEGINS LIFE IN THE ROTHSCCHILDS' HOUSE IN FRANKFORT.—CONSUL GENERAL TO AUSTRIA AND MINISTER TO THE HAGUE.—A GREAT FINANCIER AND A CONNOISSEUR IN ART.

AUGUST BELMONT has achieved the highest credit of any banker in the United States. His bills are always in demand and command a little more than those of any one else. He came to New York comparatively poor, but is now worth millions. As a representative of the Rothschilds in this country he has for many years held a high position in the financial world. He has managed the business of that historic house with prudence and exceptional acuteness and sagacity. Contrast his success in this country with the experience of Americans abroad. George Peabody, and J. S. Morgan, the successor of that philanthropist, may seem to be exceptions to the rule, but they did not win such social and business success as has been achieved by Mr. Belmont in this country, and the fact remains that no American could have been so successful abroad as he has been in the United States. Europe does not afford the opportunities that so often arise here. This is the country of great and frequent opportunities; there is a large and inviting field for enterprise and business skill, although, of course, all cannot win such a position in the financial world as that occupied by Mr. Belmont, who is reckoned among the wealthiest as well as the most honored of America's adopted citizens.

He was born in the Rhenish Palatinate sixty-eight years ago. His father was a man in well-to-do circumstances, who sent him, when he was thirteen years old, to become an apprenticed clerk to the Rothschilds in their Frankfort

house. According to the German custom, he received no pay; he was compensated by the opportunity of learning the banking business. He made rapid progress. Before he was twenty-one he was selected to accompany one of the Rothschilds to Italy and France as his secretary. In 1837 the famous house, recognizing the promising field in this country for profitable investments, sent young Belmont to New York as their agent, a position which he held till 1858, when he became their American correspondent and general representative, and this responsible post he has held ever since. In 1844 he was appointed Consul-General for Austria, and held the position for five years, when he relinquished it because of his personal friendship for Louis Kossuth and his sympathy with Hungary in the quarrel with Austria. In 1849 Mr. Belmont married the niece of Commodore Perry, the hero of Lake Erie, a beautiful and accomplished lady, who did much to strengthen his social position. In 1853 he was appointed Minister to the Hague by President Pierce, and served four years. He has always been a staunch Democrat, and was for several years chairman of the Democratic National Committee. He has generally refused to accept public office, but his eldest son, Perry, has served several terms in Congress.

Mr. Belmont is under the medium height, rather stout, with iron-gray side whiskers, round German features and keen dark eyes, and among the strong characteristics of the man is his marked chivalric courtesy and knightly courage. As a financier he has few equals and no superior, and to his politic and conservative management, as well as his foresight and intimate knowledge of affairs, is due the American prestige and success of the Rothschilds. Mr. Belmont's house on Fifth Avenue, with its splendid art treasures, is worth a large fortune in itself. He is a connoisseur in works of art, and has one of the finest private collections of pictures in the world. For many years he has also had a princely residence at Newport and a stock farm at Babylon,

Long Island. Though not, strictly speaking, a club man, he was one of the founders of the Manhattan Club. His successful career is an illustration of the fact that this country affords a fine opportunity for the intelligence, thrift and industry not only of native Americans but of the Republic's adopted citizens.

CHAPTER LV.

THE SOCIALIST OBJECTIONS TO THE PRESENT ORDER OF SOCIETY EXAMINED.

INCREASE OF POPULATION AND THE GROWING PRESSURE UPON THE MEANS OF SUBSISTENCE.—EDUCATION AND MORAL IMPROVEMENT THE TRUE REMEDY FOR EXISTING OR THREATENED EVILS.—ERRORS OF COMMUNISM AND SOCIALISM.—HOW SOCIALISTIC LEADERS AND PHILOSOPHERS RECOGNIZE THE TRUTH.—GROWTH OF POPULATION DOES NOT MEAN POVERTY.

MR. Mill says: "It is impossible to deny that the considerations brought to notice in the preceding chapter make out a frightful case either against the existing order of society or against the position of man himself in this world." How much of the evils should be referred to the one, and how much to the other, is the principal theoretic question which has to be resolved. But the strongest case is susceptible of exaggeration; and it will be evident to many readers, even from the passages I have quoted, that such exaggeration is not wanting in the representations of the ablest and most candid Socialists. Though much of their allegations is unanswerable, not a little is the result of errors in political economy; by which, let me say once for all, I do not mean the rejection of any practical rules of policy which have been laid down by political economists—I mean ignorance of economic facts, and of the causes by which the economic phenomena of society as it is are actually determined.

In the first place, it is unhappily true that the wages of ordinary labor, in all the countries of Europe, are wretchedly insufficient to supply the physical and moral necessities of the population in any tolerable measure. But, when it is further alleged that even this insufficient remuneration has a tendency to diminish; that there is, in the words of M.

Louis Blanc, *une basse continue des salaires* (a continual decline of wages); the assertion is in opposition to all accurate information, and to many notorious facts. It has yet to be proven that there is any country in the civilized world where the ordinary wages of labor, estimated either in money or in articles of consumption, are declining; while in many they are, on the whole, on the increase—and an increase which is becoming, not slower, but more rapid. There are, occasionally, branches of industry which are being gradually superseded by something else, and in those, until production accommodates itself to demand, wages are depressed; which is an evil, but a temporary one, and would admit of great alleviation even in the present system of social economy. A diminution thus produced of the reward of labor in some particular employment is the effect and the evidence of increased remuneration, or of a new source of remuneration, in some other; the total and the average remuneration being undiminished, or even increased. To make out an appearance of diminution in the rate of wages in any leading branch of industry, it is always found necessary to compare some month or year of special and temporary depression at the present time, with the average rate, or even some exceptionally high rate, at an earlier time. The vicissitudes are no doubt a great evil, but they were as frequent and as severe in their former periods of economical history as now. The greater scale of the transactions, and the greater number of persons involved in each fluctuation, may make the change appear greater, but though a large population affords more sufferers, the evil does not weigh heavier on each of them individually. There is much evidence of improvement, and none that is at all trustworthy, of deterioration, in the mode of living of the laboring population of the countries of Europe. When there is any appearance to the contrary it is local or partial, and can always be traced either to the pressure of some temporary calamity, or to some bad law or unwise act of government

which admits of being corrected, while the permanent causes all operate in the direction of improvement.

M. Louis Blanc, therefore, while showing himself much more enlightend than the old school of levellers and democrats—inasmuch as he recognizes the connection between low wages and the over-rapid increase of population—appears to have fallen into the same error which was at first committed by Malthus and his followers, that of supposing that because population has a greater power of increase than subsistence, its pressure upon subsistence must be always growing more severe. The difference is that the early Malthusians thought this an irrepressible tendency, while M. Louis Blanc thinks that it can be repressed, but only through a system of Communism. It is a great point gained for truth when it is recognized that the tendency to over-population is a fact which Communism, as well as the existing order of society, would have to deal with. And it is encouraging that this necessity is admitted by the more considerable chiefs of all existing schools of Socialism. Owen and Fourier, as well as M. Louis Blanc, admitted it, and claimed for their respective systems a pre-eminent power of dealing with this difficulty. However this may be, experience shows that in the existing state of society the pressure of population on subsistence, which is the principal cause of low wages, though a great is not an increasing evil; on the contrary, the progress of all that is called civilization has a tendency to diminish it, partly by the more rapid increase of the means of employing and maintaining labor, partly by the increased facilities opened to labor for transporting itself to new countries and unoccupied fields of employment, and partly by a general improvement in the intelligence and prudence of the population. This progress, no doubt, is slow; but it is much that such progress should take place at all, while we are still only in the first stage of that public movement for the education of the whole people which, when more advanced, must add greatly to the force

of the two causes of improvement specified above. It is, of course, open to discussion what form of society has the greatest power of dealing successfully with the pressure of population on subsistence, and on this question there is much to be said for Socialism; what was long thought to be its weakest point will, perhaps, prove to be one of its strongest. But it has no just claim to be considered as the sole means of preventing the general and growing degradation of the mass of mankind through the peculiar tendency of poverty to produce over-population. Society as at present constituted is not descending into that abyss, but gradually, though slowly, rising out of it, and this improvement is likely to be progressive if bad laws do not interfere with it.

CHAPTER LVI.

STOCK EXCHANGE CELEBRITIES.

How Wall Street Bankers' Nerves are Tried.—Fine Humor, Jocular Dispositions, and Scholarly Taste of Operators.—George Gould as a Future Financial Power.—American Nobility Compared with European Aristocracy.—How the Irish can Assist to Purge Great Britain of her Bilious Incubus of Nobility.—The Natural Nobility of our own Country, and their Destiny.

AMONG the well-known members of the Stock Exchange not elsewhere mentioned are James D. Smith, who is now in his second term as President, and who is also President of the New York and Exchange clubs and Commodore of the New York Yacht Club, a man of a genial nature and everyone's friend; Brayton Ives, twice President of the Stock Exchange, the colonel of a cavalry regiment under General Sheridan in the civil war, and later a Brevet-Brigadier General; a graduate of Yale, and a member of the Union League, Century, Athletic and University clubs; Charles Johnes, the King of board room traders, once a clerk for Henry Clews & Co., now worth a million, and a Prince of good fellows, as bright and quick as he is popular; Louis Bell, a daring and successful operator, a son of the well-known Isaac Bell, and who was at one time a clerk with Brown Brothers & Co, the bankers; John Kirkner, another plucky operator, keen in forecasting the market, and tenacious of his opinions, whether contrary to generally accepted views or not; Eugene Bogert, Wm. B. Wadsworth, William Henriques and James Raymond, also successful traders; John Slayback, Edward Brandon, James Mitchell, Vice-Chairman Alexander Henriques, ex-President J. Edward Simmons, Secretary Geo. W. Ely, Donald Mackay,

Thomas B. Musgrave, Frank Work, the Wormsers, R. P. Flower, John T. Lester, Frank Savin, Charles Schwartz and A. E. Bateman, are all worthy of special notice. Some of the foregoing have a large following, more particularly the large room traders, like Messrs. Johnes, Bell, Bogert, Kirkner and Wadsworth. There are eleven hundred members of the Stock Exchange, and it is seldom that a black sheep is discovered among them. There are some lambs, perhaps, who receive a spring and fall shearing, but if they have pluck the wool comes back again, and they push up the thorny and brambly path to wealth, leaving, it is true, a little fleece here and there in the struggle, but generally "getting there," nevertheless. It is, however, a mistake to suppose that all the members of the Stock Exchange are wealthy. They have their ups and downs like everybody else, and some are in very moderate circumstances.

The strain on a Wall Street broker is so great, the tension of the nerves, in one of the most trying vocations known in the business world, is so severe, that joking and in fact boyish pranks constitute a safety valve for the relief of brains that would otherwise become disordered. Without the relief of joking and skylarking, Nature's own remedy for the burdened mind in such circumstances—many a stock broker would go mad. "There is nothing so good as a laugh," says the song, and this expresses a profounder truth than is generally suspected. Charles Darwin relaxed the severe mental strain induced by his inquiries into occult questions of biological science by reading the humorous extravagances of Mark Twain, and the greatest thinkers, men who are far out on the cold frontiers of thought, seeking, as intellectual pioneers, the solution of the fundamental problem of existence, are proverbially jocular in their hours of relaxation. Nature herself may be said to laugh, and why not overburdened business men? The pranks at Christmas on the Stock Exchange, the sound of hand organs in the Board Room, the smashing of hats, pushing and jostling, the

blowing of tin horns, the waltzes and lanciers, the walking matches, wrestling and sparring—these are only the natural reaction through the safety valve of humor which tend to relieve undue tension and keep the spirits clear and fresh. There is more or less skylarking on all dull days, and the effect is mental invigoration. It is a mistake to suppose that only the younger men participate in these amusements. The older members are the most incorrigible. When a new member, for instance, is receiving his vigorous initiation and being hustled here and there like a chip in raging waters, his silk hat skimming along the floor, the foot ball of hundreds of feet, his collar at right angles with his person and his coat tails flying like a Dutch lugger under full sail, a group of older members may look on with apparent disapproval, but the moment the newcomer is driven in their direction he finds that his last state is worse than the first. The veterans give him a reception that makes him look wilder and gasp more than ever, and he is glad to escape from these gray bearded evil-doers. The horse play is rough but it does no harm, and the new member, after buying a new hat, is ready to "get square" on the next unfortunate wight to be initiated.

As to the Stock Exchange as a great financial institution, none stands higher in the world. Its transactions involve hundreds of millions in a year, and nowhere is there more regard for strict equity in business. Its members are as exemplary a class of business men as can be found anywhere. Its methods are strictly upright, and a black sheep finds no mercy. Wealth will not necessarily procure a membership in this great financial emporium. The applicant must be a person of good repute. It numbers men of great wealth, men of a high order of talent, men of scholarly tastes, connoisseurs in art, students of science, literature and philosophy, and men capable of standing at the helm and giving direction to vast enterprises in the domain of finance and commerce. There is not a more intelligent body of

men in the world. The very nature of their business compels them to study great public questions, and many of the members are men of a distinctly statesmanlike caste of mind, of whom the Stock Exchange may well be proud, while they themselves derive no small distinction from being identified with so illustrious and honorable a body.

Washington E. Connor.

Washington E. Connor was born in New York city about 37 years ago. He first appeared in Wall Street as a clerk for Wm. Belden & Co., a firm in which the redoubtable Jim Fisk was once a partner. Black Friday of September, 1869, when a financial hurricane whistled through Wall Street, brought young Connor to the front, and he has ever since remained there. He was long the able lieutenant of Mr. Gould in large speculations. He is a natural leader in speculation—cool, quick and adroit. From time to time he has been a director in the Western Union, Union Pacific, Missouri Pacific, Missouri, Kansas & Texas, Kansas Pacific and Wabash Companies. He was president of the Central Construction Company, which established the lines of the American Union Telegraph Company. He was a director in the famous Credit Mobilier Company, the Texas & Colorado Improvement Company, the Metropolitan and New York Elevated roads and the New Jersey Southern. He is a member of the Union League and the Lotus clubs, and especially enjoys the society of artists, writers and other persons of talent and cultivation. He has a good library, and is of a somewhat studious turn of mind. As a youth he studied at the College of the City of New York.

A Future Financial Power.

George J. Gould will be one of the few very rich men in this country, as he will, of course, be his father's successor. He possesses good abilities, has an attractive presence, and

is modest and retiring in his manners. He has, thus far, made an excellent record, and the Stock Exchange was glad to admit him to membership. He is connected with all of his father's roads, and is gradually relieving him of much of the onerous work connected therewith. If anything should happen to Jay Gould, George Gould would stand in the same financial relation to his affairs that Wm H. Vanderbilt sustained to his father, the Commodore, and, like him, would be found equal to the new honors and responsibilities devolving upon him. This reasonable expectation should dispel any apprehension of a financial shock in the event of Jay Gould's demise.

George Gould is bright and agreeable, and a good husband. If Jay Gould has made enemies, that is no reason why his son should not be popular. It is proverbial that the male descendants of a family are more akin to the side of the mother than to that of the father, and as Mrs. Jay Gould has always been recognized as a most exemplary wife and mother, she may rightfully be regarded as the equal of any woman in New York, and one to be respected and honored accordingly by those whom we ought to take as social exemplars. There should be no other standard of social test than that of merit; not judging individuals by what they were, but by what they are to-day; not judging by the ridiculous test of ancestry—a criterion which would upset some of our social demi-gods--but by the real worth of the living man or woman. Suppose, for instance, the young Vanderbilts, who rank high in society, and are splendid specimens of nature's noblemen, should be measured by the standard of the old Commodore when he was a boatman on Staten Island. Everybody would recognize such a test of fitness as to the last degree absurd. In the United States nature's nobility is at the front, as against the parchment nobility of England and the Continent. The *personelle* of the English nobility makes a sorry showing beside that of young George Gould, the young Vanderbilts, and others of our wealthy Americans.

The modern nobility spring from success in business. Peace has its victories in the formation of character greater than those of war; and peace and republicanism will develop the future greatness of the human family, and not pretentious yet effete monarchies, of which mankind is heartily sick. Many of the so-called noblemen of to-day shine only by a faint reflected glimmer from the armor of mediæval ancestors; or their ancestry may be much more recent, and steal slyly off in the gloom of forgotten crimes to the prison or the gallows; or their patent of nobility may be a thing of yesterday, a child's bauble solemnly displayed by addle-pated dotards, ridiculous even to the unthinking. The English nobility is coming to the auction block. Not a few in former times laid their heads there for treason, but now it is articles of more value, namely, the curious, the antiquities, the bric-a-brac, the works of art, the rare furniture, which comes to the block, and they are purchased by the new nobility raised up by success in finance and commerce. There is very little in Europe which is not obtainable at a price. Titles in England may yet be sold as they have been in Italy. Who cares for a title of Italian or French nobility? To this low estate must English titles come at last. It is marvellous that they have endured so many centuries after the downfall of the feudal system that originally gave them birth.

Why is it that Gladstone has always refused a title?

One reason is that at his birth nature gave him a higher title to nobility than parchment can ever confer.

Another is that he did not care to be ennobled and then wrapped, as a titled mummy, in the sweet-scented cerements of political death, to be buried in that Egyptian tomb of political extinction, the House of Lords. And to-day he is a Colossus among statesmen, whose grand figure will loom up in history as one of the foremost men of the nineteenth century, a Titan dwarfing the proudest of a senile nobility. And yet he is simply a great Commoner.

If the Irish wish to assist nature in purging Great Britain of her bilious incumbus of nobility, they should recognize the fact that ridicule is a good medicine. The Irish are proverbially prolific. Let them make a point of christening the rising generation with titled names. Then there would be myriads bearing the name of Duke O'Reilly, Earl McCarty, Marquis O'Brien, Baron Sullivan, Sir Timothy Finnegan, Lord McSwynny, and so on. The objection to this plan, however, is that it would brand thousands of innocent and helpless children of worthy parents with titles which have become contemptible to all right-thinking persons as the badges of imbecility, mediocrity, or dishonor. This is a rather lengthy digression after beginning with one of the natural nobility which we have in this country, namely, the nobility founded solely on merit, but the case of a young man like George Gould naturally suggests contrasts. He is destined to take a commanding position in the world of finance in future years, and it is gratifying to know that he is a man of high character, excellent capacity, and of great promise. There is usually a disposition to criticise the sons of very wealthy men, due to that envy to which poor human nature is so prone, but the fact in this case is indisputable that young Gould is held in high esteem wherever he is known. He is a graduate of Harvard and Columbia, and a member of the Manhattan and other clubs, and he is, in the business world, where he is most powerful, simply a reserved and quiet associate, always controlling his lines, but never interfering in a strident way with those who are working for them.

CHAPTER LVII.

A LOOK INTO THE FUTURE.

WHAT WE ARE—WHAT WE ARE PREPARING FOR—WHAT WE ARE DESTINED TO DO AND TO BECOME—WE ARE ENTERING ON AN ERA OF SEEMING IMPOSSIBILITIES—YET THE INCONCEIVABLE WILL BE REALIZED.

IN reviewing the past, I am struck with the enormous growth of New York as a city, New York as a State, and the United States as a Nation. The fact is that we hustle through the business world so fast (and this is especially applicable to Wall Street), that we do not realize how rapidly we are going. To any one who is familiar with the appearance of the down town or business part of the city, as it was twenty years ago, ten years ago, or even eight years ago, the difference to-day will give some intimation of the changes which are going on around us, and are merely features of development. Why, even ten years ago, the old Equitable Building was a structure to which attention was attracted because of its greatness and its superiority over any other building in New York city—its height, its width, its breadth, its depth, its elevators, its beauty of arrangement inside and its artistic aspect outside. Millions of dollars have been spent in the past few months in making this one building about four times as large as the original structure which brought pride to the hearts of New Yorkers, and surprised and startled their friends from the country. To-day it is one of the greatest buildings on the Island, and even rivals the State Capitol, which is supposed to be the pride of the people of the Empire State. This is only one instance. All along lower Broadway, the great business artery of the country, four-story and five-story buildings

have been torn down, and nine-story buildings put up in their place. Four and five buildings have been dug away and a single structure put up in their place, and in some of the buildings—indeed in scores of them—within a few blocks of the Stock Exchange, there are whole communities of people who are performing life's work in their own good way, rather than interfering with their neighbors or themselves, and who know nothing of what goes on around and about them, and care less. Small armies of retainers and servants, and the most perfect mechanism, are needed to enable these communities to carry on their work with dispatch and convenience. That is to say, where offices are rented in the eighth and ninth stories of a building, the occupants expect to be shot up to them, and down from them, with no trouble to themselves, and no weariness of limbs—and they are. This must be done, too, without loss of time—and it is. All the attendant arrangements must have the elements of luxuriousness and comfort—and they do.

This is a small feature of our development, however. So far as the development of the city is concerned, this appears to be an era of bridges, and Rapid Transit Elevated roads. So far as the development of inter-State communication is concerned this is an era of Express Trains, which, although they have reached a speed of a mile a minute in certain perfected sections of the roads, do not at all indicate what will come to pass in the future. Electricity is, of course, the means for instantaneous communication between separate points known to human intelligence, practically annihilating time between the New World and the Old World, and between separated points in either world, or even in the cities. But electricity does not travel with anything like the speed of light and air. Now, in some few instances, we have utilized compressed air as a means of locomotion. Efforts are being made, but are still in a crude state of development, for the utilization of electricity as a motive power. Suppose we

look one hundred years ahead, and, calculating upon the factors and experiences of the past one hundred years, imagine what the picture will be of this town as a city, and this people as a nation. I believe that one hundred years hence the era of bridges between this city and those which adjoin it across the rivers, will have passed away, and that instead of one or two or five bridges across the East River, we will have pneumatic tubes at every pier, and I believe the same will be true on either side and at the end of the island. These tubes will spread from New York, as the blood vessels in the human body spread out and are supplied from the heart; for New York is not only the business heart of this country, but it is destined to be, so surely as God permits growth, the business heart of the world, and the money centre of the world. And the arteries from this centre will distribute the blood all over, and in all directions. Through these pneumatic tubes I believe there will be almost instantaneous communication or transportation of people from one point to another. Nor will this be confined to New York city alone. In the near future the Trunk Line Railroad to leading points, such as Washington, Philadelphia, Boston and Chicago, will probably run trains at the rate of one hundred miles an hour, and even this will only be a beginning. To admit of this, steel rails will be required of about double their present weight, and the wheels must be proportionately massive and strong. The risk attendant upon such increased speed will be no greater than the ordinary speed of the present day, say forty miles an hour. But the time will come, during the next five generations, when the pneumatic tubes will extend from here to these central points of the East and the West and the South; and it will be possible for a man to leave New York at seven o'clock and go to Chicago for breakfast, transact his business and return to New York for lunch or business appointment by twelve o'clock noon of the same day. Of course, one of the problems to be solved in connection with this sort of meteoric

speed will be to supply air for breathing purposes; and the same compressed air which will shoot the carriage through the tube, will be in some form utilized for the purpose. This, however, only for a period; for I think the time must come when electricity will be the one motive power of this country and of the world, so far as the transportation of people and property is concerned. Time is money, and the American idea is to save time. We now waste little enough of it in all conscience. The greatest business of the world, that of the New York Stock Exchange, is already compressed into five hours' time; and yet it is a business in which the most trivial error or accident because of haste might cause losses of millions. The obliteration of time is a necessity of American enterprise. When Electricity is made the general propelling power, it is likely that a stationary engine will be located at Niagara Falls, and the force and power of those waters utilized to supply all the needed propelling power for this State, if not even beyond, to remote and far-off sections of our country. I heard it once said by an intelligent authority, that it had been predicted that instead of the coal mines of this country sending their products hundreds and thousands of miles away, for transportation-power, at a great expense, that a stationary engine would be located at the mouth of the mine, and the power derived from the coal transmitted therefrom over an electric wire. This would, indeed, be a great transformation, and a great improvement and a great economy. But a greater change, one quite as likely in the future, and perhaps possible within the life-time of some of our children, will be the abolition of railroads by the pneumatic tube process, and the transmission of power as I have suggested.

A hundred years hence the people who then occupy our places will look upon us as primitive and crude, or, in accordance with the Darwinian theory, as the monkeys from which their perfected race has been developed. In fact,

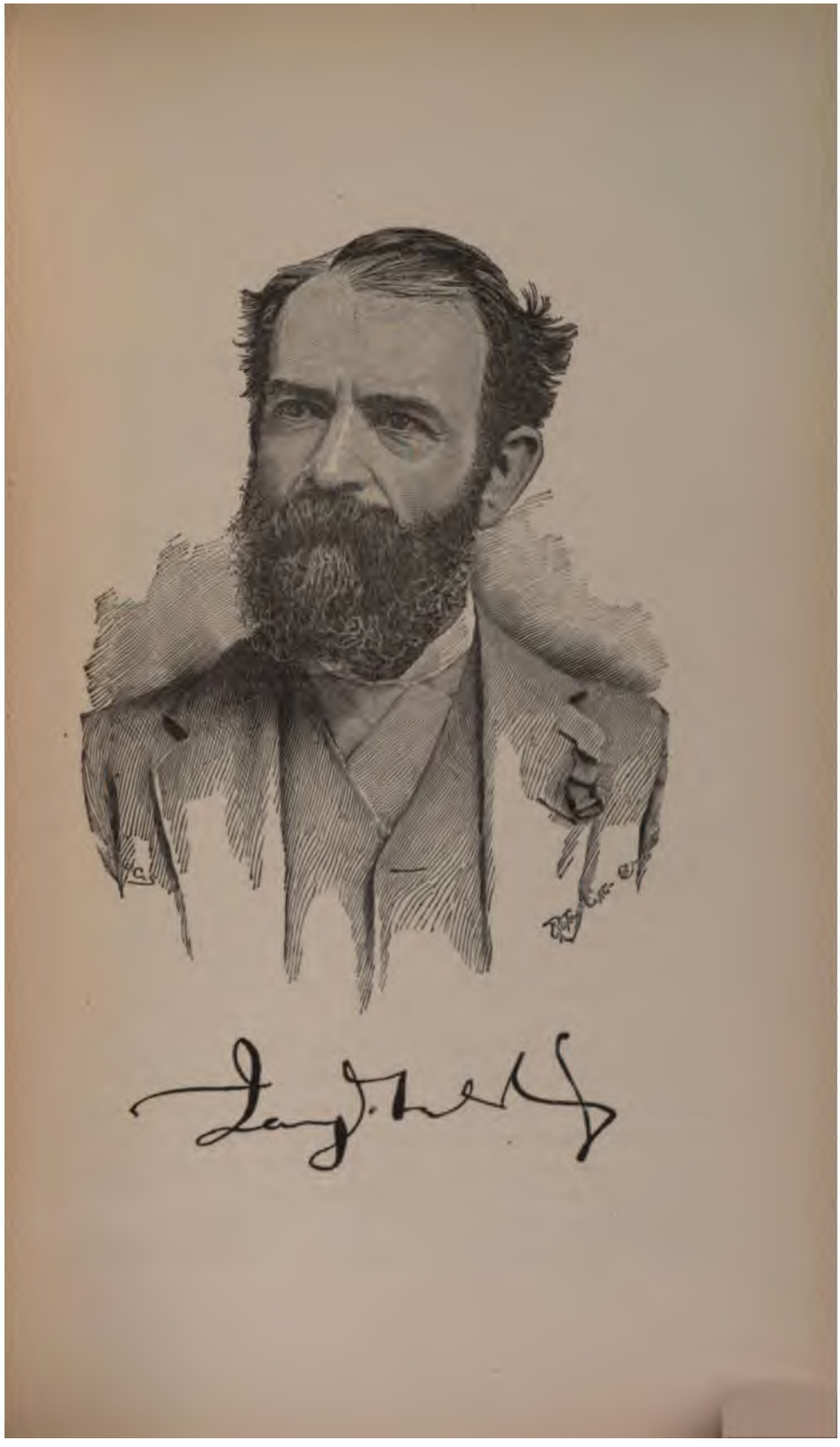
there is a good deal of Darwinism in our development, in a business sense, if not in a human sense. As the surroundings grow, so does the intellect of the human race, and there is no telling what we may do or what we may become—provided we live long enough. We have plenty of room, plenty of power, plenty of natural ability, and we make our own opportunities; all we lack in this world is time and perfect science, and if time is given us we may be able to show what giants of enterprise a free people may become; that, as the first choice of God's creation, we lack nothing.

We are proud now of our Brooklyn Bridge. But when the Bridge was opened, and the foot passenger rate was made one cent per person, and the car rates three cents, it was a grave question of consideration for the men upon whom devolved the responsibility of the conduct of the Bridge, whether or not the cities would supply passengers enough to make the Bridge self-supporting. It was not expected that they could or would. But to-day, the rate for foot passengers is one-fifth of one cent, and the car passengers are transported for two and one-half cents. The time is not far distant when these rates will be made much less, if not abolished entirely. They certainly will be abolished so far as the promenade is concerned; and, at the rate of one cent per passenger now, the Bridge would earn dividends for each of the two cities which issued bonds for its construction; while the taxable value of the property in both has been so largely enhanced, that the Bridge has paid for itself already, and yet it has been open less than five years. More than a year ago the experience of the Directors was that the facilities of this Bridge were perfectly inadequate; and, while everything has been done to increase them and extensions and improvements have been made, the Bridge is still too slow, and its power facilities too limited for the proper accommodation of the people who cross it from city to city.

This is only one evidence of the growth of New York; it

is merely an incident. There is another incident, which, in connection with what I have said about the difference in construction of buildings during the past few years, I think I will mention right here. The city of New York donated to the Government the site in the City Hall Park where the New York post-office now stands. It was the original intention that the building should be only three stories in height. The capping was already on, and the roof was in the primitive stages of construction, when, walking down Broadway one morning, as I passed the structure, the thought occurred to me that, for a building of its size and heavy granite exterior, its height was disproportionate, and gave it a dwarfed appearance, and a lack of symmetry. Besides that, whatever space could be added to it by the increase in its height, even though the additional room might be a surplus for the time being, the time would soon come when even more would be needed. I wrote to Architect Mullet, calling his attention to these facts, and insisting that, in confining the building to three stories, he was making a mistake; that it was not in keeping with the magnificence of the structure; that it should have one or more additional stories, with a mansard addition besides, and that the business experience of the past most certainly demonstrated that the room would soon be needed by the Government for the proper conduct of its affairs in this the greatest business center of the country. Within a week Mr. Mullet called to see me, and I convinced him that I was correct in my criticism and predictions. He said, in reply: "But there is no appropriation; the money appropriated is exhausted, and the building cannot be enlarged." I asked him: "Well, what is necessary to be done in the matter? Suppose I write to Mr. Boutwell, the Secretary of the Treasury, about it, and urge that the building be enlarged as I suggest." Mr. Mullet approved of the suggestion, and I added: "I will write to several members of Congress to the same effect." This I did, and it was not long afterward that Mr. Mullet informed

me that my efforts in the matter had been successful, and he had received orders to go ahead and make the building four stories in height, with a mansard roof story besides. This additional room was not needed at the time, but it has already become inadequate for the accommodation of the Government postal employees, and a few others who have been granted quarters there. And now there is a proposition under consideration for the construction of an additional Government building in this city which will cover two blocks of ground or more, and in which may be centered the various departments of Government, which are now scattered in a half dozen or more places. Is not this evidence of growth? Is not this evidence of development which justifies what has been said as to our prospective growth? Yet this is merely incidental to the strides of progress going on; and, if we are walking at this pace, will not our children's children be racing at the different paces suggested by some of the predictions I have made?



CHAPTER LVIII.

JAY GOULD.

HIS BIRTH AND EARLY EDUCATION.—CLERK IN A COUNTRY STORE.—HE INVENTS A MOUSE TRAP.—BECOMES A CIVIL ENGINEER AND SURVEYS DELAWARE COUNTY.—WRITES A BOOK AND SELLS IT.—GETS A PARTNERSHIP IN A PENNSYLVANIA TANNERY AND SOON BUYS HIS PARTNER OUT.—HE COMES TO NEW YORK TO SELL HIS LEATHER, FALLS IN LOVE WITH A LEATHER MERCHANT'S DAUGHTER AND MARRIES HER.—SETTLES IN THE METROPOLIS AND BEGINS TO DEAL IN RAILROADS.—BUYS A BANKRUPT ROAD FROM HIS FATHER-IN-LAW, REORGANIZES IT AND SELLS IT AT A CONSIDERABLE PROFIT.—HENCEFORTH HE MAKES HIS MONEY DEALING IN RAILROADS.—HIS METHOD OF BUYING, REORGANIZING AND SELLING OUT AT A LARGE PROFIT.—HOW HE MANAGED ERIE IN CONNECTION WITH FISK AND DREW.—HIS OPERATIONS ON BLACK FRIDAY.—CHECKMATED BY COMMODORE VANDERBILT AND OBLIGED TO SETTLE.—HE MAKES MILLIONS OUT OF WABASH AND KANSAS & TEXAS.—HIS VENTURE IN UNION PACIFIC.—HIS CONSTRUCTION COMPANIES.—ORGANIZATION OF AMERICAN UNION TELEGRAPH, AND HIS METHOD OF ABSORBING AND GETTING CONTROL OF WESTERN UNION.—THE STRIKE OF THE TELEGRAPHERS AND HIS GREAT ENCOUNTER WITH THE KNIGHTS OF LABOR AND TRADES UNIONISTS.—GOULD'S FIRST YACHTING EXPEDITION.—AN EXCEEDINGLY HUMOROUS STORY OF HIS EARLY EXPERIENCE ON THE WATER.—HIS STATUS AS A FACTOR IN RAILROAD MANAGEMENT.—HIS ACQUISITION OF BALTIMORE & OHIO TELEGRAPH, &C.

IF Fenimore Cooper, Sir Walter Scott, Charles Dickens or Dumas, in the height of the popularity of any of these great writers of fiction, had evolved from his inner consciousness a Jay Gould as the hero of a novel, its readers would have found serious fault with the author for attempting to transcend the rational probability allowed to the latitude of fiction. Few novel readers, in fact, would have patiently submitted to such a strain on their credulity prior to the era in

the financial development of this country which produced some of the leading characters which Wall Street has brought to the front, as stern realities of every day life, since my advent in the great arena of speculation.

Among these Jay Gould is conspicuous, and of all the self-made men of Wall Street he had probably the most difficulty in making the first thousand dollars of the amazing pile which he now controls.

Jay Gould was born at Stratton Falls, Delaware county, New York, about the year 1836. He was the son of John B. Gould, a farmer, who kept a grocery store. At the age of sixteen young Gould became a clerk in a variety store belonging to Squire Burnham, about two miles from the Falls. Here, in his leisure hours, he assiduously improved the little learning he had received at the village school, by applying himself to the study of book-keeping in the evenings.

It was when he was at this store, according to the most reliable accounts, that he manifested his natural aptitude for making sharp and profitable bargains. His employer, the Squire, had his eye on a piece of land in Albany, which he expected to obtain cheap and so make a profit. He whispered his intention to some friend in the store and his young assistant overheard him. When he went to put his design of purchasing the land in execution he found that young Mr. Gould had been there before him, and had secured the title.

About this time there was a firm which had undertaken to survey the county and make office maps of it, and young Gould was employed to assist them. Having mastered the elementary principles of geometry, and being naturally quick and correct at figures, he soon became a fair expert in common land surveying, and made himself exceedingly useful to his employers. But the idea of not only being his own boss but an employer of other people's brains and muscles was one of his ruling propensities, and he used every effort

to attain this object. In a short time he bought out the firm, wrote a history of the county to accompany the maps and peddled his book among the residents.

This natural inclination to buy out every concern with which he has been connected has been the ruling passion of his life, and still tenaciously adheres to him. Prior to his negotiations with the firm of surveyors, he had invented a mouse trap in his intervals of leisure in the store, and with the proceeds of this and the bargain in the land, out of which he had outwitted his employer, he was enabled to make himself master of the situation with the surveyors. Shortly after this a man named Loup, who owned a tannery in Pennsylvania, was looking out for a partner with a little money, and who was also a good "drummer." Mr. Gould made an arrangement with him, became a member of the firm, cut off the middle men, came to New York and obtained customers direct from the wholesale leather men, and in three years bought out his partner and ran the business himself. Loup, the frozen out partner, took his business reverses so much to heart that he committed suicide.

On his visits to New York Mr. Gould was attracted by the greater advantages which the Empire City afforded for extending his business, and came here to reside. He had ingratiated himself in the favorable esteem of one of the leather merchants with whom he had done business. The merchant took him to his house to board and Mr. Gould fell in love with his handsome daughter. It was a mutual affair of the heart, like that of his son George and Miss Edith Kingdon, and a speedy marriage was the result. The results of the happy union seem to have been all that could be desired, and the domestic felicity of Mr. and Mrs. Gould, so far as the public have been able to ascertain, has never suffered the slighest jar or interruption.

The father-in-law owned shares in a railroad which was in a bad financial condition. He employed his new son-in-law to see what he could do to extricate him from a position in

which he was likely to become embarrassed, and he wanted to sell his shares. Mr. Gould examined the road, (with the locality of which he had been well acquainted in his boyhood,) saw the favorable possibilities of its future, under good management, and instead of selling his father-in-law's shares to a stranger, he took them at their market value himself, purchased more, finally obtained control of the entire property, and sold it to a rival company at a large profit.

This, I believe, was Mr. Gould's first transaction in railroad matters, and from that day to this his great speculative forte has been buying and selling railroads. It was in that kind of business, and not in the stock market, as is popularly supposed, that he made the great bulk of his enormous fortune.

On his entrance to Wall Street he began business alone. Afterwards he formed a partnership with Henry N. Smith and —— Martin, the firm taking the name of Smith, Gould & Martin. Martin is now in a lunatic asylum, and Henry N. Smith, who was the chief cause of the failure of Wm. Heath & Co. for a million dollars, is now a poor pensioner on the bounty of his wife. But Mr. Gould still towers aloft, in the full enjoyment and the continued progress of his speculative prosperity, without being dismayed by any competitor, however powerful, and overcoming all obstacles, no matter how gigantic.

As I have noticed pretty fully some of Mr. Gould's greatest speculative transactions, mostly behind the scenes in the chapter on Black Friday and also in the account of the "Commodore's Corners," it will be unnecessary to repeat them here.

There was one clever transaction in the Black Friday affair that should be put on record to the credit of the able management of that great deal. One prominent individual connected therewith was personally responsible for $4,500,000. This was a pretty heavy load at that time even for him to carry, but it did not weigh very heavily upon

him for any appreciable length of time. He adroitly managed to shift it over on to the shoulders of that broad-backed, soulless creature called the Erie Corporation, making it responsible by simply signing himself "T. R," instead of "J. G.," the large letters representing the ordinary contraction "Tr." for Treasurer. By this simple and ingenious device this shrewd gentleman got rid of the burthensome legacy on the negative side, bequeathed to him by the "Black Friday corner."

There is a story told, with several variations, in regard to a sensational interview between Mr. Gould and Commodore Vanderbilt. The scene is laid in the parlor of the Commodore's house. It was about the time that the latter was making desperate efforts to get a corner in Erie, and at that particular juncture when, having been defeated in his purpose by the astute policy of the able triumvirate of Erie—Gould, Fisk and Drew—he had applied to the courts as a last resort to get even with them.

They had used the Erie paper mill to the best advantage, in turning out new securities of Erie to supply the Vanderbilt brokers, who vainly imagined that they were getting a corner in the inexhaustible stock. Mr. Vanderbilt was wild when he discovered the ruse and had no remedy but law against the perpetrators of this costly prank. These adroit financiers usually placed the law at defiance, or used it to their own advantage, but this time they were so badly caught in their own net that they had to fly from the State and take refuge at Taylor's Hotel in Jersey City.

It seems that during their temporary exile beyond the State Gould sought a private interview one night with the Commodore, in the hope of bringing about conciliatory measures.

The Commodore conversed freely for some time, but in the midst of his conversation he seemed to be suddenly seized with a fainting spell, and rolled from his seat unto the carpet, where he lay motionless and apparently breathless.

Mr. Gould's first impulse was to go to the door and summon aid, but he found it locked and no key in it. This increased his alarm and he became greatly agitated. He shook the prostrate form of the Commodore, but the latter was limp and motionless. Once there was a heavy sigh and a half suffocated breathing, as if it were the last act of respiration. Immediately afterward the Commodore was still and remained in this condition for nearly half an hour. Doubtless this was one of the most anxious half hours that ever Mr. Gould has experienced.

If I were permitted to indulge in the latitude of the ordinary story teller, I might here draw a harassing picture of Mr. Gould's internal emotions, gloomy prospects in a criminal court and dark forebodings. His prolific brain would naturally be racked to find a plausible explanation in the event of the Commodore's death, which had occurred while they were the sole occupants of the room; and at that time, in the eyes of the public, they were bitter enemies.

I can imagine that, in the height of his anxiety, he would have been ready to make very easy terms with his great rival, on condition of being relieved from his perilous position. It would have been a great opportunity, if such had been possible, for a third party to have come in as a physician, pronouncing it a case of heart disease. No doubt Mr. Gould would have been willing to pay an enormous fee to be relieved of such an oppressive suspicion.

The object of the Commodore's feint was evidently to try the courage and soften the heart of Mr. Gould, who never seemed to suspect that it was a mere hoax. His presence of mind, however, was equal to the occasion, as he bore the ordeal with fortitude until the practical joker was pleased to assume his normal condition and usual vivacity. If Mr. Gould had been a man of common excitability he might have acted very foolishly under these trying circumstances, and this doubtless would have pleased his tormentor intensely.

The *modus operandi* of Mr. Gould, in the purchase and sale of railroads, has been to buy up two or more bad roads, put them together, give the united roads a new name, call it a good, prosperous line, with immense prospects in the immediate future, get a great number of people to believe all this, then make large issues of bonds and sell them at a good price, for the purpose of further improving and enhancing the value of the property. After these preliminaries had been gone through, if profitable purchasers came along, they could have the road at a price that would amply compensate Mr. Gould for all his labor and acute management. If these purchasers should be unable to run the road profitably and were obliged to go into liquidation after a year or two, as frequently happens, then Mr. Gould or his agents would very likely be found on hand at the sale to take back the road at a greatly reduced price. Mr. Gould would then get a fresh opportunity of showing the superiority of his management. He would be able to demonstrate that the road had left his possession in excellent and progressive condition, but through loose management had been run down. He would then set about the work of reorganzition again and go through the same role substantially, with slight variations, as before, realizing a handsome profit on each successive reorganization.

It would take too much time, and swell this volume far beyond the space which I have laid out for it, to go minutely into the history of all Mr. Gould's great enterprises. In fact, it would take a large volume in itself to do justice to the various schemes which have been put under way by him directly and indirectly and carried to a successful issue during his busy life of a quarter of a century in Wall Street. This seems a long time for a man who is still so young, although he is a grandfather, and enjoying the use of his mental faculties more vigorously than ever.

Owing to my own busy life I have only time to sketch the most salient points of Mr. Gould's prosperous career. Some

future historian of Wall Street is destined to make a big "spread" upon him, as the newspaper reporter would say. He will have ample material if he only begins his work soon; but whoever undertakes the job should not forget the maxim of that great veteran of literature, old Dr. Samuel Johnson, about material for biography having a general tendency to become scarce, and, in some instances, eventually to vanish. While the reliable material for Mr. Gould's biography may be subject to the common fate of growing less, as time advances, there is no danger of utter oblivion in his case. He has impressed his footprints on the sands of time too firmly for that.

I don't for a moment mean to insinuate the reason for this, which is given by Shakespeare as applicable to similar cases, although some ill-natured and envious people might use the well-known quotation in this connection:

> "The evil that men do lives after them,
> The good is often interred with their bones."

I have no hesitation in saying that Mr. Gould will leave a large amount of good after him, and, indeed, it seems now as if the Shakespearian adage was to be reversed in his case. The evil that he may have done is likely to be forgotten. He bids fair to outlive most of it, if he only goes on to the end as he has been doing for the past few years. He is now showing a decided disposition to become more of a builder up than a wrecker of values.

Through his great executive ability in railroad management and construction he has been instrumental in making many blades of grass grow where none had grown before, causing the desert to blossom like the rose, assisting thousands who had formerly been poor and almost destitute, pent up either in European hovels or New York tenement houses, to find happy homes in the West and South. He has been a great factor in improving the value of the land, and thus, while he was enriching himself, adding materially

to the wealth and prestige of the nation and thereby elevating it in the appreciation of the world at large.

The correspondent of the London *Times* recently sent over here to write up a description of the country, dwells emphatically on this characteristic of Mr. Gould and other great millionaires and railroad magnates, who contribute so largely to the general prosperity of which they seem to be the indispensable mediums.

It was as the managing power in the Erie Railroad that Mr. Gould laid the broad foundation of his fortune. His speculative connections with Erie are more fully dealt with in the lives of Daniel Drew and Commodore Vanderbilt. The money and influence which he gained, in connection with the Erie corporation, enabled him to extend his operations in the acquisition of railroad property until, through Union Pacific and its various connections, Wabash and a number of Southwestern roads, it seemed probable, at one time, that he was in a fair way of grasping the entire control of the trans-continental business in railroad matters. And this was prior to the time when he obtained his present hold on telegraph facilities.

Some of the able schemes in which Mr. Gould has had credit for playing an important part, and sometimes a role that was considered rather reprehensible, were managed, so far as the outside business was concerned, chiefly by one or more of his wicked partners. In one of the most noteworthy of those projects, namely, the attempt to capture the Albany & Susquehanna Railroad, Mr. Gould seldom or never appeared in person before the public. His partner, James Fisk, Jr., was cast in that role and played it with great ability. With the essential aid of those two shining lights of the New York bar, David Dudley Field and Thomas G. Shearman, the Prince of Erie, (as Jim Fisk was called,) came pretty near snatching possession of 142 miles of a very important railroad, with the control of only 6,500 out of 30,000 shares of the stock, and 3,000 shares of these 6,500 had been illegally obtained, as was eventually decreed by the court.

Mr. Fisk, though the silent member of the Erie firm, had also control of Judge Barnard, of the Supreme Court of the City and County of New York.

The Albany & Susquehanna road would have been a valuable prize for Erie. It runs from the eastern extremity of the New York Central at Albany to a junction with Erie at Binghamton. At that time Erie aspired to be a successful competitor with Central for New England business, and had determined to monopolize the coal trade between that section and Pennsylvania. This connecting link of 142 miles was therefore regarded as a very valuable acquisition by both the large roads. Hence it was worth a desperate effort, and Jim Fisk showed that he had a true appreciation of its value, for he organized a company of New York roughs, placed himself at their head, and being armed with bludgeons and pistols and an injunction from Judge Barnard, obtained from him in New York city—while he was really in Poughkeepsie at the time—went to Albany and took forcible possession of the offices of the railroad. He had the President, Secretary, counsel and receiver of the road arrested and put under $25,000 bonds each. Mr. Fisk went through the farce of an election of Erie candidates for the offices which he had forcibly made vacant in the Albany & Susquehanna, bringing his roughs up to vote as stockholders.

The President of the road, Mr. Joseph H. Ramsey, fought stoutly for his rights and ousted the intruders. He had spent eighteen years building the road, and was naturally attached to it. He also found a Judge to aid him. Justice E. Darwin Smith, of Rochester, eventually rendered a decision in favor of the Ramsey party, with the opinion that "Mr. Fisk's attempt to carry the election by his contingent of 'toughs' was a gross perversion and abuse of the right to vote by proxy, tending to convert corporation meetings into places of disorder, lawlessness and riot." Costs were decreed to the Ramsey directors, and a reference made to

ex-Judge Samuel L. Selden, of the Court of Appeals, who fixed the allowance to be paid by the Fisk board to the Ramsey board at $92,000. It is worthy of note that the Fisk board consisted of the unlucky number of thirteen.

The Erie party appealed, but long before the appeal could be heard the Albany & Susquehanna was leased in perpetuity to the Delaware & Hudson Canal Company, against whom the Erie party was not strong enough to go to law. Thus ended the struggle for this great connecting link.

It is worthy of remark that this was one of the few cases in which, where Mr. Gould made up his mind to obtain the control, possession or ownership of property, he did not succeed.

The methods of acquiring the control and the possession of other people's property have been raised to the dignity of a fine art by Mr. Gould. This art has been prosecuted, too, through "legitimate" means. He has had the law at his back every time, and been supported in his marvellous acquitions by the highest Court authority.

The manner in which he managed to get Western Union into his hands affords a very striking illustration of his methods and the great secret of his success.

When first laying his schemes to obtain the control of the telegraph property he got up a construction company to build a telegraph line. This was a company of exceedingly modest pretensions. It had a capital of only $5,000. It built the lines of the Western Union Telegraph Company, with which Mr. Gould paralleled most of the important lines of Western Union, and cut the rates until the older and larger corporation found that its profits were being reduced towards the vanishing point. Then it was glad to make terms with its competitor; a union of interests was the result, and Mr. Gould obtained control of the united concern.

"Impossible," said Norvin Green, in high dudgeon, when the insidious intentions of Mr. Gould were broached to him a few months before the settlement took place. "It would

bankrupt Gould and all his connections to parallel our lines, and to talk of harmony between him and us is the wildest kind of speculation." The genial Doctor was then master of the situation in Western Union, or imagined himself so at that time, and regarded with contempt the efforts of Gould and his colleagues to bring the company to terms. In a few months afterward the Doctor tamely submitted to play second fiddle to the little man whom he had formerly despised.

The arrangement in reference to the cable companies followed the capture of Western Union. The struggle is still pending for the entire monopoly in the cable business, and it now seems only a question of time when the Bennett-Mackay party will have to succumb, leaving Gould in the supreme control of the news of the world. If this should happen he would become an immense power for either good or evil both in speculation and politics. In fact it would be too great a monopoly to be entrusted to the will of one man. Although it might be judiciously managed, as the cup of his ambition would then be surely full, yet the experiment would be extremely hazardous.

The controlling interest in the Elevated Railroads of this city, recently achieved by Mr. Gould through his business and speculative relations with Mr. Cyrus W. Field, are of too recent date to require any special notice or comment here. Suffice it to say, that I fear my friend Mr. Field has not come out at the big end of the horn, although everything has no doubt been in conformity with the most approved business principles and in strict adherence to the most honorable methods of dealing in railroad securities. It is significant, however, that Mr. Field has preserved a prudent reticence on the subject.

Mr. Gould, from my point of view, has been a public benefactor in the bold and successful stand which he has maintained against strikers. Though Western Union lost over half a million dollars by the strike of the telegraphers,

which greatly alarmed the stockholders, yet Mr. Gould held out until the strikers were obliged to give in. He pursued the same policy, with a similar result, in the case of the Knights of Labor. During the strike of the latter I explained my views on the subject in a circular to my customers as follows:

"The Knights of Labor have undertaken to test, upon a large scale, the application of compulsion as a means of enforcing their now enlarged demands. This has necessitated a crisis of a very serious kind. The point to be determined has been, whether capital or labor shall in future determine the terms upon which the invested resources of the nation are to be employed. To the employer, it is a question whether his individual rights as to the control of his property shall be so far overborne, as to not only deprive him of his freedom, but also expose him to interferences seriously impairing the value of his capital. To the employes, it is a question whether, by the force of coercion, they can wrest to their own profit powers and control which, in every civilized community, are secured as the most sacred and inalienable rights of the employer. This issue is so absolutely revolutionary of the normal relations between capital and labor, that it has naturally produced a partial paralysis of business, especially among industries whose operations involve contracts extending into the future. There has been at no time any serious apprehension that such an utterly anarchial movement could succeed, so long as American citizens have a clear perception of their rights and their true interests; but it has been distinctly perceived that this war could not fail to create a divided if not a hostile feeling between the two great classes of society; that it must hold in check, not only a large extent of ordinary business operations but also the undertaking of those new enterprises which contribute to our national progress, and that the commercial markets must be subjected to serious embarrassments. * * * * * From the nature of the case, however, this labor disease must soon end one way or another; and there is not much difficulty in foreseeing what its termination will be. The demands of the Knights and their sympathizers, whether openly expressed or tempor arily concealed, are so utterly revolutionary of the inalien-

able rights of the citizen, and so completely subversive of social order, that the whole community has come to a firm conclusion that these pretensions must be resisted to the last extremity of endurance and authority."

The manner in which Mr. Gould acquired his great control in some of the Western and Southwestern railroads was pretty fully developed in the recent investigation held in this city, Boston and San Francisco by the Pacific Railway Commissioners. Mr. Gould's testimony, as reported in the daily papers of May, 1887, probably contains almost as correct and succinct an account of his pooling arrangements and schemes in connection with certain railroads and his methods of making money out of them as can be obtained anywhere. His testimony, on the whole, was exceedingly affable, comprehensive and precisely to the point, and has not been contradicted in any material points by any of the succeeding witnesses that have yet been examined on this widely interesting subject. Its substance was as follows:

[*From the Herald, May* 18, 1887.]

A dapper little man in plain pepper and salt (the pepper predominating) business suit entered the Pacific Railway Commissioners' offices yesterday morning and sat down quietly with his not over shiny silk hat on his knee.

The natty gentleman, unobtrusive possessor of the small dark and brilliant eyes, was the man of millions.

He had lots of information for the Commission, and he gave them more of the inside facts of the early consolidation deals of the Union Pacific than they hoped to get.

It had been expected that Mr. Gould would prove a wily witness, hard to corral and liable to shy over the fence at the slightest provocation, but at the very outset his manner was a complete surprise. He told the Commission that he was suffering from neuralgia, and said that he could not speak very loud in consequence. There were times during his examination that his tone was faint, and it was only loud two or three times, when he became very much interested in some explanation. At all times, however, it was well modulated, and now and again had a musical cadence about it

that was very pleasing. He first became interested in Pacific roads in 1873. He bought Union Pacific stock in the market, but it went down to fourteen cents on the dollar. He held about 100,000 shares. He had a consultation with Sidney Dillon, and finally made a proposition to fund the floating debt in bonds, of which he took a million dollars' worth at above their par value. In 1874 he became a director and served on the executive committee. He continued in the direction during 1874, 1875 and 1876, and went over the road twice a year. He had no interest in the Fisk suit, but knew it was brought. He had no contingent interest whatever in the suit.

He became interested in the Kansas Pacific in 1878, but thought he knew the road in 1874. He remembered a proposition looking toward a unity of interest between the Denver Pacific and the Colorado Central.

Being examined as to the positions of the roads, and as things did not appear to be very clear, Mr. Gould, putting his hand to his inside pocket, said: "I have a little map here if you are not familiar with the location."

The little map was brought out and all hands gathered around it, while Mr. Gould's index finger went on an excursion over States and Territories in absolute defiance of the Inter-State Commerce Law. He recalled the fact that the plan of consolidation was considered as early as 1875, after Mr. Anderson read some extract from a paper, but he said it was not carried out then. He might even have had a talk with Scott about it on further consideration.

The little road connecting with the Colorado Central was built by him, and was the result partly of the contest between the Union Pacific and the Kansas Pacific. Prior to 1878 he could not recollect having owned any stock or securities of the Kansas Pacific. His interest in the Union Pacific has increased to 200,000 shares, the total issue of stocks being 367,000 shares. He kept books of his transactions. Mr. Morosini kept them a part of the time.

Q. Where are the books? A. I have them.

Q. Where? A. In my possession.

Q. Are they at the service of the Commission? A. If they desire them, with the greatest of pleasure.

This was the first sensation of the day, and the witness smiled blandly as he felt the full force of it.

Up to this time he had answered every question promptly.

There appeared to be no hesitation on his part, and, indeed, there was none during the entire day's session. Almost every preceding witness had taken refuge behind "I don't know," or "I cannot remember," or "Really I am not sure," but there was none of this from Gould. And the apparently full and free offer of his books capped the climax.

After this whenever his memory was in any way at fault the witness fell back on the books. In asking him what he had bought certain stocks for he said the books would show.

"Will your books also show who the broker was?"

"Oh, yes; certainly, certainly, certainly."

In the matter of the St. Louis pool he had conversed with a number of persons.

Q. With whom did you converse? A. I presume with all the signers of the agreement.

Q. Will you tell us all about the preliminary measures leading up to this? A. I would have the neuralgia a good deal worse than I have if I undertook to tell you all of the details.

This was the original proposition of consolidation, which was a stock instead of a bond agreement, and it was soon demonstrated that it would not work.

Q. How soon after this was the new arrangement entered into? A. Almost immediately afterward, I think. The object was the funding of a heterogeneous mass of securities into one class of securities.

Q. Did you confer with others? A. I conferred with myself as well as others. What I thought was a fair price for me was a fair price for the others.

Q. To whom did you deliver your bonds? A. I suppose to the committee, but I do not know.

Q. But you would not deliver $2,000,000 to a man in whom you did not have confidence? A. Probably not.

Q. Who kept the accounts? A. I don't know.

Q. You don't remember? A. I don't charge my memory with these things after they are over, but my books will show, and they are at the service of the Commission.

Mr. Gould's manner in saying this was unusually suave and polite, and the lines of his mouth relaxed just enough to suggest a smile.

In speaking a few moments later of the securities bought by Mr. Gould from the "St. Louis parties" he was asked of whom he bought them.

"I cannot tell about that off-hand, but my books will show it."

"Which of the St. Louis people did you confer with?"

"I think they came on here to see me. They were tired out and wanted to sell, and came over to do it."

"Then you bought all the securities first and tried to get some other gentlemen to go in with you afterward?"

"Yes, several gentlemen whom I thought would be of service to the road. There ought to be some books. Somebody must have kept accounts of the transactions. My recollection is that these people came on and told me they wanted to sell. I asked them how much they thought they ought to have and they gave me the price quoted in the agreement."

"I simply said, 'I will take them,' and that was all there was to it. That is my recollection. In 1879 I owned about $4,000,000 worth."

The examination led into the stamped income bonds of the Kansas Pacific, and Mr. Gould was asked as to the condition of the road. He thought it was poor. The road had a large intrinsic value, but it had been badly financed and its securities were way down.

Q. Did you not buy some of your securities abroad? A. I bought two millions of Denver Pacific at seventy-four cents, I think, from some Amsterdam people. I was in London and heard that they wanted to sell. I was afraid to go over, because I had very little time, and thought they would probably take a couple of days to smoke before finding out whether they would sell or not. But I was mistaken. I went over and got to Amsterdam in the morning; washed and had my breakfast. I saw them at eleven, bought them out at twelve, and started back in the afternoon.

When Mr. Gould was asked as to the prices he had paid for the securities with which he had acquired the Kansas Pacific bonds he took out his papers and handed the Commission a series of neatly written reports on these purchases and sales.

He purchased in 1879 St. Jo. and Denver first mortgage bonds, $1,562,886.69, for $603,204.78.

Of these, $617,000 worth he sold to Russell Sage, F. L. Ames, Sidney Dillon, S. H. H. Clark, Ezra H. Baker, F. G. Dexter and Elisha Atkins for $246,800.

On January 24, 1880, he surrendered $956,779.76 in these

bonds and scrip in exchange for 9,568 shares of Union Pacific at par.

For St. Jo. and Denver Pacific receivers' certificates to the number of fifty-nine he paid $60,695, and on January 24, 1880, he surrendered them for 590 shares of Union Pacific at par, or $59,000.

Of St. J. and Denver stock during 1879 he acquired 8,819 shares, and sold 3,806 shares to the same persons purchasing the bonds. On January 24 he surrendered the 5,013 shares he had remaining on hand at par for $100,200.

During the same time he bought $784,000 worth of the St. Joseph Bridge bonds for $586,940, of which he sold to Sage and Dillon 150,000 worth for $112,500.

He also bought 4,000 shares of stock for $6,000, making the total cost of $634,000 bonds and 4,000 shares of stock $480,440. Received in exchange for the whole business, 6,340 shares of Union Pacific stock at par, making $634,000.

The gentlemen to whom Gould sold the securities were all directors of the Union Pacific. These gentlemen, the witness thought, retained their bonds until the consolidation, as they were bought with a purpose. "The Denver stock was called trimmings," said Mr. Gould, smiling, "and went with the bonds."

On the consolidation of the company he transferred 27,000 shares of Union Pacific Railroad stock for new stock.

He had transferred his Union Pacific stock at one time to some other parties on account of a peculiar law in Massachusetts, which enables an attachment of stock on a suit, whether there was anything in it or not.

"I found out about that law," said Mr. Gould, "and put the stock in somebody's else's name. "You can't tell anything," he continued, sharply, "about any stock list. There are many shares of stock held by brokers for years."

After the consolidation he had begun to distribute his stock among other holders.

"I made up my mind," he said, "it would be better to have four or five stockholders do a little of the walking instead of one."

Q. That idea was very much stimulated by the rise in the stock after the consolidation, was it not? A. Yes, because the stock went up then so much that there wasn't enough to go round.

The witness told the story of the employing of General Dodge and Solon Humphreys to recommend the consolidation. They were fair men, he thought, and would make a fair report.

He had not talked to them after they went West to make their report.

Q. How is that? A. Well, he naively replied, while they were making their examination my interests had changed.

Q. They had changed? A. Yes, I had bought the Missouri Pacific.

Q. Did General Dodge and Mr. Humphreys look into the past history of the road? A. I consider the future of a road more important than its past.

Q. Yes, but what I want—— A. The past was no criterion as to the Union Pacific road.

Q. But don't you think that General Dodge and Mr. Humphreys——? A. "All my life," said Mr. Gould, warming up; "all my life I have been dealing in railroads—that is, since I have been of age, and I have always considered their future and not their past."

"That is the way I have made my money," said he. "The very first railroad I ever bought had a most deplorable past, but its future was fair. I paid ten cents on the dollar for its bonds, and finally sold the stock for $1.25. It was the future of the Union Pacific that drew me into it. I went into it to make money."

"You were not in favor of the consolidation at the time it was made?"

"No, my interests had changed."

"Did you try to stop it?"

"Well," said Mr. Gould, slowly, "my opposition to it was known and they were greatly alarmed."

"Who?"

"Ames, Dexter, Atkins and Dillon. They came on from Boston to see me about it. They had heard that I was going to build an extension to the Denver Pacific and connect the Missouri Pacific. They said I was committed to the consolidation and laid right down on me. I offered my check for $1,000,000 to let me out, and I have offered it since.

"I will pay it now," said the witness, with a strong rising inflection of the voice and looking hard at the Union Pacific people in the room.

"I offered them a million, but they would not let me out of the room until I had signed an agreement to carry out the consolidation."

"Where is that paper?"

"I suppose it is in Boston. If I could have carried out my Missouri Pacific plan I would have a property now that would be worth par."

"I don't think you have any reason to complain of your profits in the matter," replied Mr. Anderson, at which Mr. Gould partly closed his eyes to hide their twinkle, and said nothing.

The paper which he signed was an agreement to carry out the consolidation on certain terms. The consolidation was an assured fact after January 15, because the witness held the controlling interest.

"But I have now ceased to be the tower of the Union Pacific," he said.

In asking Mr. Gould about his connection with Lawyer Holmes at the time of the consolidation, Mr. Anderson asked him whether he was sure about a certain conversation.

"Yes," he said, "for I had it impressed on my mind."

"How was that?"

"Well, I remember parting with a lot of stock at ten cents for which I could have got par a few days afterward. Wouldn't that impress the occasion on your memory, Mr. Anderson?"

Everybody laughed at this, and the witness, although he had lost a million or two, laughed as heartily as the loudest.

As far as the Denver Pacific stock was concerned Mr. Gould said it was worth practically nothing unless the consolidation was made. It was the signature of the Union Pacific that made it good.

"Do you consider that the trustees fulfilled their duty in letting this stock out of trust?" he was asked.

"I consider that it was the only thing to do, and I stand on what was done. I am ready to take the responsibility for it that day, or this day, or any other day."

[*From the New York Times, May* 19, 1887.]

Jay Gould gave another day to the Pacific Railway Commission yesterday. His manner was, as usual, cool and collected, and he was apparently full of a patient desire to tell everything he knew. Yet Mr. Gould told very little, although he answered hundreds of questions, some of them

puzzling enough to drive a less long-headed financier into a corner. The Denver Pacific stock and the way it got out of the trust were first taken up. Mr. Gould said he thought the course taken was best for everybody. Naturally he wanted the Denver Pacific to go into the consolidation, holding as he did, $1,000,000 of the securities, and being trustee of over $3,000,000 more. At first it was doubtful if the Union Pacific would take it, but it did for the franchises. "I want to say again," declared Mr. Gould, "that no director or person connected with the Union Pacific ever made a dollar out of Denver Pacific. I am glad to put a final nail in that coffin."

His plan at one time was to build a line from Denver to Ogden, via Salt Lake and Loveland Pass. It would have been shorter than the Union Pacific and obtained more local business, for the Union Pacific ran north of the mineral belt and the Southern Pacific south of it. After he obtained the Missouri Pacific he saw what a good thing he had in it, but he was persuaded to give his pledge to go on with the consolidation of the other roads. The Boston folk became agitated within a month after he bought the Missouri Pacific, and got the pledge from him. If the Missouri Pacific had been put through it would have injured the Union Pacific a great deal.

"According to the ethics of Wall street," Mr. Gould was asked, do you consider it absolutely within the limits of your duty, while a director of the Union Pacific, to purchase another property and to design an extension of the road which would perhaps ruin the Union Pacific?"

"I don't think it would have been proper. That's the reason I let it go."

"Did you consider your duty to the Government?"

"I had considered it."

"How would the Government claim have been affected by building a parallel line?"

"It would have been wiped out."

After the Thurman bill had been sustained by the Supreme Court Mr. Gould had a plan to build a road from Omaha to Ogden, just outside the right of way of the Union Pacific, and give that road back to the Government. It would give others "a chance to walk." The Government tried to squeeze more out of the turnip than was in it. For $15,000,000 a road could be built where it had cost the Union Pacific $75,000,000.

"You were not devoted to the interests of the Government?"

"I wanted to protect them. Their legislative action hurt their own interests and put those of the stockholders in jeopardy. The Government repudiated their own contracts. Cash was offered to pay the Government the Union Pacific debt. I had the debt reckoned up and offered to pay it. In 1877 or 1878 I made the offer to the Judiciary Committee, of which Mr. Edmunds was Chairman. I made the offer myself. The debt was estimated at $15,000,000 or $17,000,000. But the Government would not concede that interest terminated with the bonds. No action was taken on the proposition."

Mr. Gould thought he wrote his own resignation as Director of the Union Pacific. He resigned because he ought not to deal with the company while one of its directors. He put it in President Dillon's office. Mr. Dillon knew what it meant.

"What did it mean?"

"That if the consolidation went through it involved large transactions with Jay Gould, and if I had staid in it would have complicated things. Before January 10, 1880, no bargain was made to pay par for St. Jo. and Western bonds, nor Kansas Central, nor 239 for Central Branch stock. That came afterward."

The Colorado Central lease was canceled on account of a State law against consolidating competing lines. Mr. Gould did not know that the Dodge and Humphreys letter was to be presented to the meeting of January 24. He was probably informed of the consolidation on the day it took place. He was also probably present at the first meeting of the new company on January 24. Mr. Gould's resignation from the Kansas Pacific Board was gone over, and in summarizing his reasons for resigning Mr. Gould said he did not want to be mixed up with trusteeships and directorships. When he was not a Union Pacific director he felt at liberty to take care of himself. There was a chance that the properties might be made hostile to him, and then it would have been improper for him to be a director. He did not know that Russell Sage was to move the acceptance of his resignation.

"At the Kansas Pacific meeting a list of the branch lines

obtained from you was read. President Dillon said the company had bought them. What did he mean?"

"Possibly he referred to the directors' agreement with me."

"But we can find no record of this in the books. Don't you think he referred to the agreement with the Boston gentlemen?"

"Very likely, but it had no authority until it was accepted or rejected."

Mr. Gould was set to explaining some discrepancies between the accounts of his dealings in branch securities, handed in on Tuesday, and the list submitted by Controller Mink. Mr. Mink gave 15,162 shares of St. Jo. and Western stock, and Mr. Gould 8,119. The difference was explained by Mr. Gould's getting some stock for building the Hastings and Grand Island. He retained control of the $150,000 St. Jo. Bridge bonds he sold Dillon and Sage and turned them over with his own. His $479,000 Kansas Central bonds and 2,521 shares of the stock cost him $431,820.25 at the time he bought the Missouri Pacific. They all went into the consolidation for $479,000. Mr. Gould bought the Central Branch of the Union Pacific from Oliver Ames and President Pomeroy, who came to New York and induced him to go and look at the property.

"I thought it was doing a big business," said he. "Afterward I learned they had kept the freight back for a week to impress me. So I saw a freight train at every station when I got there. I bought the road anyway." Its total cost to Mr. Gould was $1,826,500. Over the Central Branch, whose stock was disposed of by Mr. Gould for 239, there was a little stir in the hearing, but the witness tranquilly explained that the road was practically stocked at only $2,500 a mile, and therefore the stock ought to range way above par.

"Has the road earned dividends?" he was asked.

"I don't think so."

"Have the aggregate earnings exceeded the fixed and Government charges?"

"I never figured it out. Stock doesn't always depend upon dividends altogether. I paid 750 for my Missouri Pacific—4,000 shares at that figure. You pay more for rubies than for diamonds and more for diamonds than for glass."

Then the examination turned to the days just after the consolidation, and the witness was asked if there was any corporate action of the new company before the stock was turned over to him.

"All I know," he said, "is that the stock of the new company was delivered."

"Was the new company bound to carry out the Kansas Pacific obligations of this sort?"

"Well, I suppose it assumed the Kansas Pacific obligations."

"Why were you not paid in Kansas Pacific consols instead of stock?"

"I suppose they preferred stock to bonds. I was clever to them and took stock."

Another turn carried questions and answers to other differences in the accounts, but the commission got little light. "It's safe to say the lawyers got the difference," chuckled Mr. Gould, at the end of the set of questions. He had made large cash advances, at different times, to the Kansas Pacific to meet the floating debt, and very likely these would have to be counted in to explain matters in all cases. There was one point upon which the witness strongly insisted, and that was that all through the negotiations and transactions no class of people nor any particular holders of securities experienced any discrimination in their favor, as compared with the treatment given everybody else.

After the consolidation Mr. Gould said he had few transactions in Union Pacific branch lines. He had an interest in the Denver & South Park, however, a minority interest at first, but subsequently he bought the whole road from Governor Evans. "I'm showing you my whole hand," he said, cheerfully, at the end of the catalogue of the branches. Of the Union Pacific's legal expenses he knew of none which were not perfectly legal.

"Who were the road's counsel in Washington?"

"Messrs. Shellabarger & Wilson were the only ones, as far as I knew."

"Have you ever been to Washington on business of the company?"

"Yes. And I paid my own hotel bills."

"Do you recall persons sent to Washington from other places in the interest of the road?"

"Judge Usher and Mr. Poppleton."

"Who represented the Kansas Pacific?"

"Judge Usher. I don't know that they had anybody in Washington."

"How often did you go to Washington for the road?"

"I was there while the Thurman bill was pending. It passed, and I haven't been there since. No, I take that back. I was down before the Labor Committee. I got rather disgusted."

"Do you know whether anything was spent to influence legislation?"

"No, sir. I know of no such expenditure."

"Where could we find records of such transactions?"

"I don't think such transactions exist."

"Do you remember advising, at a meeting, that Mr. Ordway, of Washington, be employed in the interests of the Kansas Pacific?"

"No, sir."

Mr. Anderson read from the minutes of a Kansas Pacific meeting, in 1876, and Mr. Gould remembered that Senator Rollins, a great friend of Mr. Ordway, asked him to write a letter about it. He knew of nothing coming from the letter.

"Do you remember any talk of fighting the Credit Mobilier?"

"I saw some of their stockholders and they said they would turn in their stock to us. Others wouldn't. The Credit stockholders alleged that the Union Pacific owed their company a great deal of money. I succeeded in getting the great bulk of the stock turned over before a judgment was obtained."

"You remember your address to the Union Pacific president and directors."

"I wanted to put myself in a position to bring a suit."

"Who opposed this proposed action of yours?" asked Mr. Anderson, reading from the minutes of a directors' meeting that Mr. Dexter moved "to decline to bring suit, as requested by Mr. Gould."

"I think the directors declined, and I brought the suits individually."

"There is another letter of yours to the directors, requesting them to begin suit against the Credit for a full accounting of all profits, under certain alleged contracts," etc.

"I think that was on a different set of contracts."

Mr. Frederick L. Ames, the first witness called, testified that he was formerly a stockholder in the Union Pacific Railroad, and is a cousin of the Hon. Oliver Ames, Governor of the Commonwealth. He was familiar with the relations of this road and the Kansas Pacific Road prior to 1877. "I personally attended," he said, "to the affairs of the road under the direction of my father, Oliver Ames. The first dividend of the road was paid in 1875 or 1876. I do not remember the rate paid. I was somewhat familiar with the condition of the Kansas Pacific. I did not think the stock of much value in 1877. Mr. Jay Gould was instrumental in buying up the Kansas Pacific securities in 1876. I understood that he owned a large amount of the funding bonds and unstamped incomes. I never knew what the respective interests of any of the gentlemen interested were. I owned no securities that entered into that pool. I received two certificates for $50,000 each. I have not these in my possession now. They were turned over to somebody. These certificates were probably issued to every member of the pool. I think I paid $100,000 to the Farmers' Loan and Trust Company."

Mr. Anderson—Have you been able to find those certificates, Mr. Mink?

Controller Mink—They are not in our possession, sir.

Mr. Anderson—It is very strange that we cannot get any clue to these certificates.

Continuing, Mr. Ames testified as to the manner in which the business of the pool was conducted, a copy of the consolidated mortgage being introduced in evidence.

"I do not remember," he said, "that I ever contributed the $383,000 funding bonds named in this mortgage. My connection with this pool was limited to the advancement or the $100,000. The pooling rates and mortgage rates were identical. I was a director in the Kansas Pacific Road in 1879. I cannot explain why bonds were issued to persons having claims against the road at a rate which would exaggerate its indebtedness more than $1,000,000. I exchanged my bonds for Kansas Pacific bonds. I do not remember that, in 1880, $2,950,000 of preferred stock was issued to Jay Gould at 75 when the bonds were worth 94. I do not know of any other transaction of the kind. I do not know how the Kansas Pacific Road came to be indebted to Jay Gould for $2,000,000 at this time. All the directors

were in favor of the consolidation except Jay Gould. He was unwilling to accede to any such terms as we thought we were entitled to, and seemed very much agitated at the course we had taken. The final consummation was reached at Mr. Gould's house. I do not remember that we would not let Mr. Gould leave the room until he had signed the paper. The paper was signed by all present. The basis of the consolidation was $50,000,000."

When asked how he explained the payment of dividends by the Union Pacific with a condition of affairs which requires a sale of stock for the extinction of a floating debt, Mr. Ames said that the declaration of the dividend was made upon the statement of the net earnings, and the road might very well have earned the dividends several times over and at the same time have been building roads and borrowing money and using its funds for other purposes, in addition to the property, which would not interfere with the right to declare dividends. Mr. Ames also said that the directors of the Union Pacific were largely controlled in signing the agreement read at the forenoon session by the fact that they were cornered by Jay Gould. "I think it has resulted favorably for the Union Pacific," he continued, "and I would not take back the action if I could. I made nothing by the consolidation, as I did not sell my Kansas Pacific stock, but hold it now. Mr. Gould made about $3,500,000."

Judge Dillon cross-examined Mr. Ames, and showed from his evidence that he had no personal ends served by the consolidation. He said that his interest in the Union Pacific is larger now than it was in 1880, and that he is one of the largest stockholders.

JAY GOULD AND HIS SYSTEM.

The following from the New York *Times* of April 27, 1887, contains a graphic account of Mr. Gould's mode of reviewing his system of railroads:

On first thought it seems almost impossible that Jay Gould has only been a railroad magnate of the first class little more than half a decade, yet such is the fact. In 1879 he owned only the nucleus of his present Southwestern system of railroads, and as the rival of the Wabash through considerable territory was the Missouri Pacific, he felt by no means at ease regarding the ultimate fate of his venture.

Commodore Garrison owned a controlling interest in Missouri Pacific, which was managed by his brother Oliver. Commodore Garrison did not like Mr. Gould, and would not have objected to make Gould's purchase of Wabash a dear bargain. He probably would have done so had it not been for Oliver Garrison. The latter and Ben W. Lewis, Gould's manager of the Wabash, were close friends, and Garrison, as chief executive of the Missouri Pacific, did nothing to injure Gould's property. But when Mr. Lewis called upon Mr. Gould in New York one day toward the close of 1879, and tendered his resignation on the ground of other interests which claimed his attention, Gould immediately saw breakers ahead, and said so. Lewis suggested that he remove the breakers by buying the control of Missouri Pacific. The suggestion was not allowed to get moldy. Gould called upon Oliver Garrison and offered $1,500,000 for the Garrison interest in the road. Garrison was much surprised, and said it would be necessary to consult with the Commodore. He said, however, that $1,500,000 was at least $500,000 too low. When the Commodore heard of Gould's offer he rubbed his hands, laughed, and put the price at $2,800,000. Gould retorted that he could have bought it on the previous day for $2.000,000. The Commodore explained that the difference between yesterday and to-day was $800,000. Gould said nothing and retired. He made another effort on the following day. The Commodore had been thinking. His thoughts cost Mr. Gould $1,000,000, for his price on the third day of the negotiations was $3,800,000. Mr. Gould did not express his thoughts, but his speech demonstrated that he appreciated the danger and expense of delay. He said, "I'll take it," and he did. Thus from a beginning of less than 1,000 miles he secured control of a system of over 5,000, forming the Missouri Pacific, Iron Mountain, and International and Great Northern and their branches into one compact system. The bargain, in comparison with the present value of the property, was as close a one as Mr. Gould ever managed to make, and from the day it was closed he has lost no opportunity of extending his railroad property, which, with lines that are yet on paper, but are almost certain to be built, is soon likely to embrace at least 6,000 miles of rail.

Though the General Manager's office is at St. Louis, and none of the Gould roads—for the Wabash is not considered

in the system—run east of the Mississippi, nothing of importance is transacted there without the knowledge and sanction of Mr. Gould. Private wires run from the St. Louis office to the Western Union Building, in which is Mr. Gould's private office, where he spends some hours each day sitting at a desk that never ought to have cost more than $25.

He has traveled many times over every mile of his railroads. There is an immensity of interest in such a trip when made for the first time, or even the second or third, but it has been made so often by Mr. Gould that he has thoroughly absorbed all the pleasure to be obtained from it except that which smacks of dollars and power. His trips occupy about three weeks from the time his special car, the Convoy, leaves St. Louis until it returns to that hot and dusty city of pageants and conventions.

When word is flashed to St. Louis that Mr. Gould is on his way, every official on the system packs his head full of information, and there is unwonted activity from Omaha to Galveston and from Fort Worth to San Antonio. All of the system's executive force was selected either by Mr. Gould or by trusted officials in whom he had implicit faith, and the heads of divisions who work for Jay Gould could not work harder for anybody else, although in some instances their bank accounts do not show it.

Mr. Gould lately was in the Southwest on a tour of inspection. On his trips he is always accompanied by General Superintendent Kerrigan, a New Yorker by birth, a Southwesterner by education. Physically they are in marked contrast. The cleanly shaven, fair-complexioned Superintendent would make two of his employer. In manner they are much alike, though Kerrigan has a spice of bluffness that is lacking in the other. He has the composed, unexcitable manner of Gould to perfection, and is never known, no matter how great the provocation may be, to speak except in a low-pitched tone. He is a walking railroad encyclopedia, and has the topographical features of the Southwest—every corner of it—at his fingers' ends. He has been employed on railroads of the system for over thirty years. From his Superintendent Mr. Gould obtains such details as the latter gathers from the Division Superintendents and other officials, but in making a trip Mr. Gould insists upon stopping at every point included in one of Mr.

Kerrigan's regular trips of supervision. He is always accompanied by a stenographer, who is also a typewriter, and the Superintendent and the heads of divisions follow the same plan.

Upon arriving at a station at which it has been decided to make an inspection, Mr. Gould asks how long a stop will be made. The answer may be "an hour." Mr. Gould looks at his watch. He then accompanies the Superintendent on a part of his rounds, listens quietly to his talk with the railroad officials of the place, and having heard all he cares to listen to, wanders around by himself while the Superintendent picks up the information which later he will give to his employer. Mr. Gould manifests no impatience until the hour has been exhausted. But if the engineer is not ready to start on the minute, and all hands are not in their places on the car, he begins to fidget, and is restless until a fresh start is made.

He is a strong advocate of method. The day's work is laid out in the morning and almost before the train starts in the morning he has settled how many stops can be made during the day and where the night can be spent. He dines and sleeps on board his car from the start to the finish of a three weeks' trip. At night the Convoy is run to the quietest part of the yard, as the owner objects to more noise than he can avoid at night, though he can apparently stand as much as any one else in daylight. His car is always a curiosity along the line, and people come from far and near to look at it as it stands in the evening in a secluded spot, secure in its loneliness. In some parts of the country through which his roads run he is quite as much of a curiosity in the eyes of the country folk as a circus, and were he to stand on the platform after the manner of James G. Blaine, would attract quite as big a crowd as that gentleman. He is never apparently anxious to achieve notoriety in that way, and is quite as modest in his demeanor while on one of his tours as he is in his office or his Fifth Avenue mansion. In the latter, as a few newspaper reporters know, he is more unassuming and far more polite than a majority of his thousand-dollar employes.

Mr. Gould meets some odd as well as prominent people on his trips and occasionally has a peculiar experience. On his first visit to Galveston, Texas, he discovered that it was on an island. Like a good many others he imagined it was on

the mainland. On this occasion a number of citizens had been appointed to do him honor and he had promised to take up his quarters at a hotel. The committee had neglected to secure carriages for the party, and made a desperate effort just before the arrival of his car to repair the omission. This it was unable to do. There was an election at Galveston on that particular day. It was a hot one, both the day and the election, and everything on wheels had been bought up by the contending parties. Twenty dollars was offered for a hack and refused. The committee felt forlorn until Mr. Gould laughed at its dilemma and remarked that he saw no hills that he couldn't climb. This is the only joke charged against Mr. Gould by the people who live on the line of his roads, for the highest point of Galveston is only three feet above the sea level. The inhabitants claim four feet, and denounce as a libel the statement made by people who live inland to the effect that tide water is three feet higher than Galveston.

While skimming along over the International and Great Northern, between Houston and Galveston, Mr. Gould cannot look on either side of him without looking at land owned by A. A. Talmage, manager of the Wabash Railroad. Mr. Talmage owns a tract or ranch—though there are but few cattle on it—of 160,000 acres. For this land Mr. Talmage paid 12½ cents per acre. He would probably refuse to sell it to-day for $6 an acre. If Mr. Talmage owned nothing else besides this ranch he might be considered above want. Mr. Gould owns some land in different parts of the country also, but as a proprietor of the soil he occupies a much lower grade than Manager Talmage. George Gould probably owns as much land—railroad land grants not considered—in the Southwest as his father, and is always on the lookout for bargains. These are always to be had at the close of a disastrous agricultural or cattle season. Newcomers in Texas are liable to forget that disastrous years only occur occasionally, and that in three favorable seasons the profits will be large enough to stand one bad season in three. They may hear of all this after they sell out, but the old settler is not offering information that can only be bought with experience until it is valuable as a mournful reflection.

The Iron Mountain Railroad has a station called Malvern. It is 44 miles south of Little Rock. As his car pulls into Malvern Mr. Gould sees on a narrow gauge railroad that also has

a station there an engine with a diamond-shaped head-light. The narrow gauge road runs from Malvern to Hot Springs. Mr. Gould has no interest in it, but he knows it was built and is owned—every spike in it—by a man who received his first start in life from the same man who placed him on his feet. The Hot Springs railroad is owned by "Diamond Joe" Reynolds, who was started in business many years ago by Zadock Pratt, of the town of Prattsville, Greene county, N. Y., when the young man lived in Sullivan county, right across the line of Delaware county, Penn., where Jay Gould was enabled by Mr. Pratt to tan hides with oak and hemlock bark, not after the fashion of Wall Street. Reynolds and Gould were assisted by Mr. Pratt about the same time. Reynolds is not as wealthy to-day as Mr. Gould, but he owns all the money he wants, and Mr. Gould has often said it did not need fifty millions to secure contentment. "Diamond Joe" Reynolds is a rich man and he spends much of his time between Chicago and Hot Springs. On his first visit to Hot Springs he was compelled to stage it from Malvern. The ride disgusted him as much as the Springs delighted him. He found a man who had obtained a charter for a railroad from Malvern to the Springs and who had no money. The charter and some money changed hands. Reynolds built the railroad and owns it, rolling stock and all. The road is 24 miles long. He made his money in wheat, but not in Sullivan county. After getting a start there he went West and shipped wheat from Wisconsin to Chicago. He shipped it in sacks and marked the sacks with a diamond and inclosed in it the letters "J. O." It was from this circumstance, because the sacks and trade mark became widely known, that he obtained the sobriquet of "Diamond Joe," and not as those who have only heard of him think for a penchant for gems, and Mr. Reynolds is modest as well as rich.

Mr. Gould travels like a rocket while inspecting his roads. In this way he gets a certain amount of exercise, for, as travelers know, a heavy train drawn at the rate of 50 miles an hour will make little fuss in comparison with the antics of a single car tacked to an engine making the same rate. Mr. Gould often travels in the Convoy at a 50-mile gait, and during such a trip he has been known to change seats—from one side of the car to the other—not of his own volition, but without changing countenance. So long as Superintendent

Kerrigan keeps his hand off the bell rope Mr. Gould makes no remonstrance, but accepts his shaking without a grumble. He changed engineers on one of his recent trips without knowing it. The engineer had been running slowly, for reasons of his own, in spite of numerous pulls at the bell cord. When, however, he discovered that dinner was under way he pulled the throttle open, and the locomotive darted ahead suddenly as if going through space. The jar cleaned the table like a flash. At the next station the engineer was promoted to a freight train.

A REMINISCENCE OF KANSAS PACIFIC.

There is an interesting piece of information regarding the deal in Kansas Pacific in the testimony of Mr. Artemus H. Holmes, formerly the attorney of that company, showing how the stock made a marvelous leap from two or three dollars to par in seven days. Mr. Holmes testified as follows :

From 1873 to 1877 the market value of all the Kansas Pacific securities was extremely low. The Kansas Pacific stock was $2 to $3 a share and practically valueless. Land grant bonds were worth 10 cents on the dollar, and Denver extension about 40, but ranged from 50 to 70 in 1876 to 1878. The first mortgage bonds were below par, the company's credit was gone and the stock unmarketable. Sidney Dillon, who was then President of the Kansas Pacific Company, was anxious to have the matter settled as quickly as possible. At the former's suggestion a friendly suit was brought on January 17, 1880, before Judge Donohue, in the Supreme Court, in this city, to settle the ownership of the Denver Pacific stock. The trustees said they could not do anything with the stock that would injure it. On January 20, 1880, Horace M. Ruggles, as referee, heard argument, the case was closed in two days, the decision was made January 23 and the decree signed by Judge Donohue on January 24, giving the stock to the Gould party. Mr. Holmes stated : "All the time this was pending the articles of consolidation were being drawn up, but I did not know anything about it until they were signed on January 24." Referee Ruggles decided that 29,000 shares of Denver Pacific stock free from mortgages should pass to the Kansas Pacific. This was put into the Union Pacific and 29,000 shares of the consolidated

company's stock given in exchange, which sold at par. The witness was sharply questioned as to what he knew about Referee Ruggles' report. He was asked if he knew who wrote the report, or had any knowledge as to who did.

Q. In order to prepare the decree which was signed on Jan. 24, you must have had the finding before you, did you not? A. No.

Q. How could you prepare it without knowing what the finding was, for the decree was presented the very next day? A. I must withdraw that answer, and change it to yes.

Gov. Pattison—Do I understand you to say that the stock which was exchanged had risen in a few days from $2 to $3 a share to par. Mr. Holmes said that was a fact, and then this question was put to him :

Q. In other words, Mr. Dillon had sworn on Jan. 17, 1880, that the stock had no financial value, and yet on Jan. 24 it was worth par. A. Yes.

This discloses another of Mr. Gould's valuable secrets of the way to make money rapidly.

GOULD'S FIRST YACHTING EXPERIENCE.

There is a humorous story told of Mr. Gould's first yachting experience, which was recently published in the Philadelphia *Press*, and its veracity vouched for by a living witness to the event. It is characteristic of Mr. Gould in some special respects, and runs as follows :

At the residence of a club man, whose reputation as a *raconteur* is nearly as great as that of his Burgundy, I noticed a pretty model of a jib and mainsail yacht. Replying to my admiring inquiry the club man explained :

"That is the model of a boat upon which were passed some of the sunniest hours of my life. She was owned by one of the Cruger family, of Cruger-on-the-Hudson, and has an added interest from the fact that upon her Jay Gould acquired his first yachting experience, and so eventful a one that I'll bet he remembers it to this day.

"Crugers—one of the oldest and best known families in the State, intermarried as they are with other Knickerbockers like the Schuylers, Livingstons and Van Rensselaers—owned all the land in the neighborhood of the station subsequently named after them. A portion of this property

consisted of a brick yard, which was rented to the son of old Schuyler Livingston. It was in 1853 or 1854, and Jay Gould had just failed in the tannery business in Pennsylvania.

"Young Livingston's leased brick yard wasn't paying, and he concluded that it needed a shrewd business man at its head. He advertised for a partner, and one day there appeared in response a small, dark gentleman, looking scrupulously neat in his black broadcloth. He gave his name as Jay Gould. Pending negotiations, Mr. Gould became the guest of the Crugers at the old mansion on the hill. Every effort was put forth to entertain him during his stay, the more as he seemed to regard favorably a partnership with their young friend.

"One day Mr. Cruger invited Gould to a sail to Newburgh, and got ready his yacht, of which that model is the reduction. Several of us youngsters were taken along to help work the boat. Eugene Cruger, a nephew of the yacht's owner, was one of us. Peekskill was reached and the whole party went up to the hotel.

"All the way up the river we had noticed that Mr. Gould was uneasy, shifting about constantly on the deck, where he sat, and squirming and twisting as if seeking to find a softer spot. Nothing was said about it, of course, but when we landed Mr. Gould himself furnished the explanation. From the heat of the sun the yellow paint on the boat's deck had become baked and chalky, and it was not long before the little man discovered that the dry powder was coming off on his trousers. Hence his uneasiness. He concluded by saying he was afraid his broadcloth nether garments would be, if they were not already, ruined, and was determined to abandon the trip and return by rail. This Mr. Cruger would not hear of, and promised to obviate the difficulty. We all adjourned to a general store and Cruger bought, for two shillings and a half, a pair of jean overalls. These Mr. Gould put on when we went aboard the boat and expressed his unqualified satisfaction at the result.

"On our trip back from Newburgh we again called at Peekskill, and once more the party started for the hotel. This time Mr. Gould declined the invitation to take something and preferred to remain on board. About an hour was spent in the hotel, when suddenly Mr. Cruger remembered that he wanted some white lead, and young Eugene

Cruger and I went with him to the store to carry it down to the boat.

"'How'd the overalls work, Mr. Cruger?' was the salutation of the storekeeper. Then before answer could be returned, he added admiringly: 'That friend o' yourn is purty shrewd.'

"'Who, Mr. Gould? Yes, he appears to be a thorough business man.'

"'Well, I sh'd say so! He can drive a mighty sharp bargain.'

"'Drive a sharp bargain?' repeated Cruger, all at sea. 'What do you mean?'

"'Why, don't you know he was in here 'bout three quarters of an hour ago, and sold me back the overalls you bought for him.'

"'Thunder, no!' roared Cruger in astonishment.

"'Well, sir, he jest did that. He kem in here, tole me he'd no fu'ther use for 'em, that they was as good as when I sold 'em, an' after we'd haggled awhile he 'greed ter take two shillin' fur 'em, which I paid him. Here's the overalls.'

"I can shut my eyes now," went on the jolly club man, with a hearty laugh, suiting the action to the words, "and call up Mr. Cruger's face with its mingled expression of amazement and incredulity. He left the store in silence. Not until we had nearly reached the boat did he speak. Then he only said, 'Boys, I'll fix him for that!' We reached home without any reference to the incident. On the way back Mr. Gould sat upon his pocket-handkerchief.

"The same night Mr. Cruger perfected his plan. Next day Mr. Cruger proposed a fishing party. Mr. Gould declined to go. He had concluded, he said, not to take an interest in young Livingston's brickyard, and would return to the city on the afternoon train. A business engagement, involving quite a sum of money, had to be kept. His host argued with him, but for a time to no purpose. The saturnine little man had a tremendous amount of determination in his composition. Finally a compromise was effected, it being agreed that he should put Gould off at a station in time to catch the train. That he must catch it without fail, he most emphatically declared.

"The day passed on and we were off Sing Sing, when we saw the smoke of the coming train. We had been running free before the wind, but immediately Mr. Cruger, who was

at the stick, shoved it down; we hauled in on the sheets and headed for the Eastern shore. Mr. Gould was by this time on his feet, clinging to the windward coaming, the deepest anxiety pictured on his face. Just there the water shoals rapidly. We were within fifty feet of the shore, opposite the railroad depot. The time had now come for Mr. Gruger's revenge.

"'Let go the main and jib sheets!' he shouted. 'Down with your board!'

"Never was order more eagerly obeyed. The sheets whizzed through the blocks, ready hands slipped out the pin and jammed down the centre-board, and in a second the yacht, with a grating shock and shaking sails, came to a stand, fast on the sandy bottom. There she was bound to stay until the obstructing board was lifted again.

"'What's the matter?' exclaimed Mr. Gould, anxiously. Of course he had not detected the ruse, for he knew no more about the working of a yacht than a sea cow does about differential calculus."

"'I'm afraid we're aground,' replied Mr. Cruger, with a fine assumption of sadness. 'Boys, get out the sweeps and push her off.'

"We struggled with the long oars in a great show of ardor, while Gould watched us in breathless suspense, between hope and fear. But as we had taken care to put the sweeps overboard astern, the harder we shoved the faster we stuck. The little man's suspicions were not in the slightest degree aroused and he turned in despair to Mr. Cruger.

"'What shall I do!' he almost wailed. 'I've got to catch that train!'

"'Then,' replied the joker, solemnly, 'you'll have to wade or swim.'

"Already the train was in sight, two miles away, and whatever was to be done had to be done quickly. As I have said, there was plenty of grit in the embryo railroad king, and quick as a wink he was out of his sable clothes and standing before us clad only in his aggressively scarlet undergarments. Holding his precious broadcloth suit above his head, he stepped into the water, which, shallow as it was, reached to the armpits of the little gentleman. Then he started for the shore, his short, thin legs working back and forth in a most comical fashion as he strove to quicken his pace. The station platform was crowded with people, and

very soon the strange figure approaching them was descried. A peal of laughter from 500 throats rolled over the water to us, the ladies hiding their blushes behind parasols and fans. The men shouted with laughter. Finally the wader reached the base of the stone wall, and for a moment covered with confusion—and but little else—stood upon the rock, one scarlet leg uplifted, looking for all the world like a flamingo on the shore of a Florida bayou, while the air was split with shrieks of laughter, in which we now unreservedly joined. Then came the climax of the joke, which nearly paralyzed the unfortunate victim.

"Haul on your sheets, boys, and up with the board!' was Cruger's order. As the yacht gathered headway and swept by within ten feet of the astonished Mr. Gould, we laughingly bade him good-bye, advising a warm mustard bath when he got home.

"Then his quick mind took in the full force of the practical joke we had worked upon him and his dark face was a study for a painter. But the train had already reached the station, taken on its passengers and the wheels were beginning to turn again for its run to the city. As Gould scrambled up the wall, his glossy black suit still pressed affectionately to his bosom, the 'All aboard!' had sounded and the cars were moving. Every window was filled with laughing faces as he raced over the sand and stones and was dragged by two brakemen on to the rear platform, panting and dripping. The last glimpse we caught of him was as the train entered the prison tunnel. Then, supported on either side by the railroad men, he was making frantic plunges in his efforts to thrust his streaming legs into his trousers as the platform reeled and rocked beneath him."

"Did he ever return Mr. Cruger the two shillings?" the writer inquired.

"Return the two shillings!" echoed the club man. For a moment he was silent. Then, as a retrospective gleam crept into his eyes, he slowly shook his head and, with seeming irrelevancy, said:

"I—guess— you—are—not — very—well—acquainted—with—Mr.—Jay—Gould.'

The above story was submitted to Mr. Eugene Cruger at his residence, No. 1211 Livingston Avenue, together with the inquiry as to its accuracy. Mr. Cruger made the following reply: "I must say that I can't imagine who can have fur-

nished these particulars, for most of those who took part in the incidents related have gone forever. Whoever the informant may be, however, it cannot be denied that you have received a true account of what occurred. I enjoyed the affair at that period, but time has softened things and the recollection is not without its unpleasant side."

The success of Mr. Gould in securing the Baltimore and Ohio Telegraph to be consolidated with Western Union, has placed him at the head of the greatest telegraph monopoly in the world, practically beyond competition. It remains to be seen whether or not Congress will take any action towards the creation of a Government telegraph that will afford a guarantee of protection against extortionate rates. It is true that Western Union has lowered its rates, but this is generally regarded as a conciliatory move of a temporary character on the part of Mr. Gould for the purpose of showing that Government telegraphy is not a necessity, and that as soon as the attention of Congress is turned away from the question rates will go up again.

While I should not approve of the Government going so far as to condemn Western Union property, and making a purchase thereof on an appraised valuation, still I do believe that proper Congressional action should be taken to provide supervision and protective control over the telegraphic communication throughout the country. My idea is that the Government should interfere rather as a regulator than an owner, being careful to avoid everything that could be construed into monopoly on its own part, any more than in connection with our railroad system.

Mr. Gould went to Europe late in the fall, and visited several places there ostensibly for health, pleasure, and recreation. What his secret and ultimate designs may be has not yet transpired, although they have been a leading topic of much conjecture among financiers and Wall Street magnates since his arrival on the other side. One of the best things got off on this subject was, that when Mr. Gould sent in his card to one of the Rothschilds, the latter requested

the messenger to inform the gentleman that Europe was not for sale.

He returned about the end of March to find some of his railroads, especially in Missouri Pacific system, in a somewhat crippled condition.

With a feeling of deep humility that I have made many important omissions in Mr. Gould's variegated career, although I have surrendered all the space to him that I can very well afford, I now beg to take my leave of him, at least so far as the present edition is concerned.

Cyrus W. Field.

CHAPTER LIX.

MEN OF MARK.

CYRUS W. FIELD—HON. STEPHEN V. WHITE—AUSTIN CORBIN—PHILIP D. ARMOUR—HON. LEVI P. MORTON—JOHN A. STEWART—ANTHONY J. DREXEL—THE JEROME BROTHERS—ADDISON CAMMACK—RUSSELL SAGE—CHAUNCEY M. DEPEW—JAMES M. BROWN—STEDMAN THE POET—VICTOR H. NEWCOMBE—MOSES TAYLOR—FORMER GIANTS OF THE STREET—HENRY KEEP—ANTHONY W. MORSE.

CYRUS W. FIELD.

CYRUS W. FIELD has been termed a locomotive in trousers. The simile illustrates the indefatigable energy of the man. His indomitable resolution and his energy of character have placed him high among the distinguished men of the age. He was born at Stockbridge, Mass., in 1819. His father was a clergyman. At fifteen years of age, Cyrus W. Field came to New York with a trifling sum in his pocket. For three years he was in the employ of A. T. Stewart, the dry goods merchant, and then went to Lee, Mass., to work in his brother's paper mill. Two years later he became a partner in the paper firm of E. Root & Co., in Maiden Lane, but the co-partnership was not successful. Later on he again went into the paper business, and by 1853 had acquired a competence, whereupon he partially withdrew from mercantile pursuits, and his health having failed he took a trip to South America. He was about to withdraw entirely from business, when he was induced, with considerable difficulty, to look into a project for laying a telegraphic cable to England. Frederick N. Gisbourne had interested Matthew D. Field, a civil engineer, and a brother of Cyrus W. Field, in a project for establishing a telegraph line between NewYork and St. John's, Newfoundland, partly on poles, partly under ground, and partly under water. At

St. John's, the fastest steamers ever built were to sail for Ireland, and the time between the two countries was to be shortened to six days or less. A company had attempted to carry out this project, and had become bankrupt. The idea was un-American; it was unsatisfactory; much quicker communication was needed. It was not till Mr. Field conceived the idea of laying a cable direct from Newfoundland to Ireland, that he became really interested in the enterprise. He was assured by high scientific authority that the idea could be carried out. In March, 1854, Mr. Field went to St. John's, Newfoundland, and obtained from the legislature a charter, granting an exclusive right for fifty years, to establish a telegraph line from the Continent of America to Newfoundland and thence to Europe. Then, with considerable difficulty, he obtained in New York subscriptions amounting to $1,500,000, which he thought would be sufficient. The line really cost $1,834,500, being more than 2,600 miles long. His first attempt failed in 1857. He succeeded in the following year, and then the cable became silent, and the incredulous public thought that this would end all attempts to do something that seemed miraculous. For seven years no attempt was made to lay a cable, as the Civil War intervened, but in 1865 Mr. Field again took up the enterprise, in which he had never lost faith. By this time sub-marine telegraphy had been greatly improved, a better cable was constructed, and a better machine for laying it was invented. The famous steamer *Great Eastern* took the cable, but after going some 1,200 miles, the great vessel gave a lurch that broke the cable and an attempt to grapple it was unsuccessful. In 1866, however, a cable was successfully laid. A private citizen seldom receives such honors as was showered on Mr. Field, in 1866, when Europe and America realized that largely through the exertions of one man, they were joined by the Atlantic cable. He had pushed a vast project to a successful consummation in spite of incredulity, ridicule, indifference and strenuous opposi-

Philip D Armour

tion. Peter the Hermit did not preach the crusade with more fervor and enthusiasm than this priest of commerce, so to speak, advocated the great work with which history will always link his name. If any one had, a few centuries ago, ventured to predict that the day would come when there would be six or seven cable telegraphs stretched along the ocean bed between America and Europe—along dim prehistoric valleys, four miles under water and over great sub-marine mountains—by means of which a message could be sent nearly three thousand miles and an answer received in thirty seconds; he would have been in danger of incarceration as a lunatic, or even of death on the scaffold or at the stake. This daring utilitarian age, however, has grown accustomed to startling exhibitions of human ingenuity. Mr. Field owns considerable Western Union stock, and is interested in a number of railroads, including the Manhattan Elevated. He owns one-fifth of the stock of the Acadia Coal Co., is a special partner in the grain firm of Field, Lindley & Co., and owns the *Mail and Express*, one of the great papers of the metropolis. He has a house in Gramercy Park and a fine mansion at Irvington on an estate of about 500 acres. He is a large owner of real estate in that very pleasant section, owning some 56 houses besides considerable land. He is fully six feet in height, of light complexion, with penetrating, bluish-gray eyes, which peer sharply into those of an interlocutor. The nose is prominent, the brows knit with years of thought, the mouth and jaw indicate great decision of character. He is a man of courtly manners and exceptional abilities.

Hon. Stephen V. White.

Hon. Stephen V. White is a short, compactly built, dark-complexioned man of 54. In manners he is courteous and unassuming; in business methods he is quick and straightforward. He is a Director in the Western Union and the Lackawanna road. He is a bold, dashing operator in stocks, and

in Wall street has met with considerable success. One of his greatest favorites is Lackawanna. He expects to see it some day go to 200. He has several times badly squeezed the shorts in that stock, and, now that he has practically demonstrated what they ought to have known before, namely, that the stock can easily be cornered, the bears are apt to fight shy of it. He has a large *clientele*, and, being a natural leader, he has plenty of followers in his speculative campaigns. He was born in North Carolina. He was graduated from Knox College at Galesburg, Illinois. He studied law in the office of the Hon. John J. Kasson, afterward United States Minister to Germany. He drifted to St. Louis, and there became a reporter for the Missouri *Democrat*. He went to Des Moines, practised law for nine years, and was elected a Judge. He came to New York, and for a time practised law, but soon became a stock broker as well. He still occasionally appears as counsel in the Federal Courts, and sometimes in the Supreme Court of the United States. He is a ready and forcible speaker, full of vim and fire. He was a warm personal friend of the late Henry Ward Beecher, the grand old Chrysostom of the nineteenth century, who has left the world brighter for his memory and darker for his absence. In the frank, keen, practical financier and lawyer, and the great, warm hearted preacher, glowing with fervid idealism and generous enthusiasm and high aspirations for the human race, there were kindred qualities that made them friends. Mr. White, in 1886, was elected to Congress from Brooklyn, where he resides. He is scholarly in his tastes, well versed in the classics, and is especially fond of astronomy, for the study of which he has a fine observatory in his palatial home. He is popular in Wall street.

Austin Corbin.

Within a year Austin Corbin has become a prominent figure in the financial world, winning wide business celebrity by his identification with the reorganization of the Reading

L. P. Morton

Railroad. He is by nature the reverse of an iconoclast, namely, a builder up. He would construct rather than destroy. He would save a property if it were at all possible, and in pulling that poor, tired, financial pilgrim Reading out of the slough of despond, and in directing its way toward a primrose path of prosperity, he is engaged in a congenial task. He is about 58 years of age, and was born in Newport, New Hampshire. He studied law, and was graduated from the Havard Law School. For a time he practised law in his native town as a partner of Ex-Governor Metcalf, of New Hampshire, but in 1851 he went to Davenport, Iowa. There he really organized the first national bank under the new system, which was to prove of such incalculable financial benefit to the nation. Mr. Corbin made the first application under the new law, but it happened to be faulty in some minor technicalities, and before their trivialities could be corrected four other national banks were organized, so that his bank became number five under the new system. He came to New York in 1865, and established a banking-house here. He is President of the Reading, Long Island, Indiana, Bloomington & Western, Elmira, Cortland & Northern, and Manhattan Beach Railroads. He is a mem ber of the Union League, Manhattan and Saturday Night Clubs of New York, the Somerset Club of Boston, and the Conservative Club of London He is a man of strict probity, genial in his manners, and deservedly held in high esteem.

Philip D. Armour.

Philip D. Armour was born in a little village near Watertown in the interior of New York State, in 1832. He is powerfully built, with broad shoulders, a large head and firm, square features and light gray eyes, that never seem excited or disturbed. His manners are quiet, composed and courteous. In 1849, leaving his native village, he went to California. He crossed the plains with a six-mule team

which he drove himself. He worked for a few years in the gold fields, accumulated a little capital, and in 1855 went to Milwaukee and engaged in the grain and warehouse business. He prospered moderately but steadily. Then he thought of going into the lumber business, but bought an interest in the pork packing establishment of Layton & Plankington, the former retiring. At this time he was worth half a million. He soon increased this three-fold. In the war, provisions were very high, but when Gen. Grant was closing in on the Confederacy for the final struggle that could only end in the triumph of the North, Mr. Armour saw that prices must come down with the Confederacy. He came at once to New York and began to sell pork short. He began te sell at $40 a barrel. He covered at $18 and netted, it is said, nearly two million dollars. He now enlarged his business, established new packing houses in Chicago and Kansas City as well as agencies all over the world. He has sold sixty million dollars' worth of food products in a year. He has five thousand names on his pay roll. He has cornered pork three times within recent years, and in 1880 made, it is said, three millions in punishing bears who tried to sell the market down. A campaign against the bears in pork or meats he calls protecting his cellars. Those cellars are well protected. No bearish Ali Baba has the pass-word to go in and plunder them, and the number of cinnamons and grizzlies, big and little, who have licked their paws in rueful remembrance of the attempt are not a few. He has made millions in successful grain speculations. He invested four millions in St. Paul stock, buying it outright. He is now one of the recognized financial leaders of the country, as aggressive as a Wellington at the proper time and cautious as a Fabius when caution is the watchword of wisdom. He lives in a plain house on Prairie Avenue in Chicago, and is himself a man devoid of ostentation. He works from 7 A. M. till 6 P. M. His fortune is estimated at fifteen millions of dollars.

Hon. Levi P. Morton received his business training in the dry goods trade. Then he became a banker. He has a national reputation as a financier. He is shrewd, genial and successful. President Garfield made him Minister to France. He had previously done good service as a member of Congress. He is now in his sixty-third year. He is a lineal descendant of George Morton, one of the Pilgrim Fathers who came to this country in 1623. Mr. Morton was born in the State of New Hampshire. At 20 he became a clerk in a country store. He had to shift for himself. Necessity is the stimulus that men of real ability require. He stayed five years in the obscure New Hamshire village and then went to Boston, where he ultimately engaged in business. But New York attracted him. He embarked in the dry goods business here and went into banking afterwards, and soon laid the broad foundations for the successful firms of Morton, Bliss & Co., of New York, and Morton, Rose & Co., of London. His Congressional and diplomatic laurels followed. He filled the French Mission with great satisfaction to the French people as well as those of the American traveling public, as he was a free and generous entertainer. His large fortune has been amassed since he came to Wall Street. He has a fine villa at Newport and also one on the Hudson.

JOHN A. STEWART.

John A. Stewart is President of the United States Trust Company, one of the largest banking and trust corporations in America. Its deposits are over forty millions of dollars. Its great success is largely due to the able management of President Stewart, who has in fact shown marvellous ability in the management of large financial interests. Mr. Stewart during the war period was urged by Secretary Chase to become Sub-Treasurer of the United States in this city, and he finally consented to take the position, although at a great

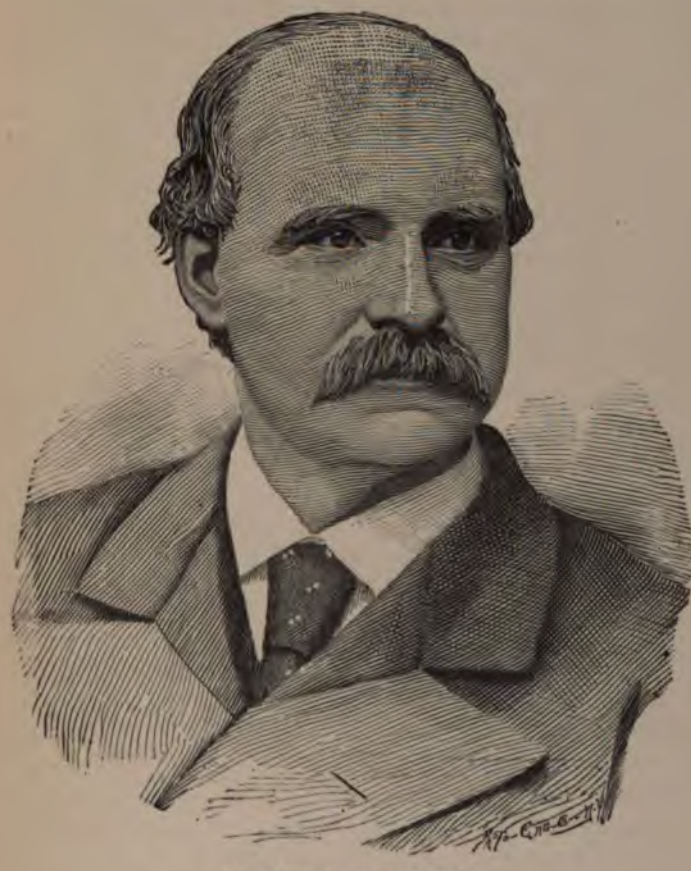
personal sacrifice, being actuated solely by a patriotic spirit. He is one of the financial lights of the metropolis, and is respected for his financial acumen and his sterling qualities as a man.

Anthony J. Drexel.

Anthony J. Drexel is the head of the house of Drexel & Co. in Philadelphia and Drexel, Morgan & Co. in New York. The house was founded by Joseph Drexel, who emigrated to this country from Germany early in the present century, and began business in Philadelphia in a small way as a sort of exchange broker. When the California gold fever broke out he made connections with parties in San Francisco and received large amounts of gold. In these transactions he got his first great start. The returns from the exchange were large. As his means increased he gradually extended his business, and finally, by thrift and diligent attention to business, he accumulated quite a snug fortune. In the end he built up a successful banking business, in which his sons became interested, and at his death inherited his wealth and the business. The elder brother died a few years ago, leaving ten million dollars to his family and to various charities. Anthony Drexel, the present head of this signally successful firm, is 55 years of age, and is a man of excellent business capacity. He is one of the successful business men of the United States.

The Jerome Brothers.

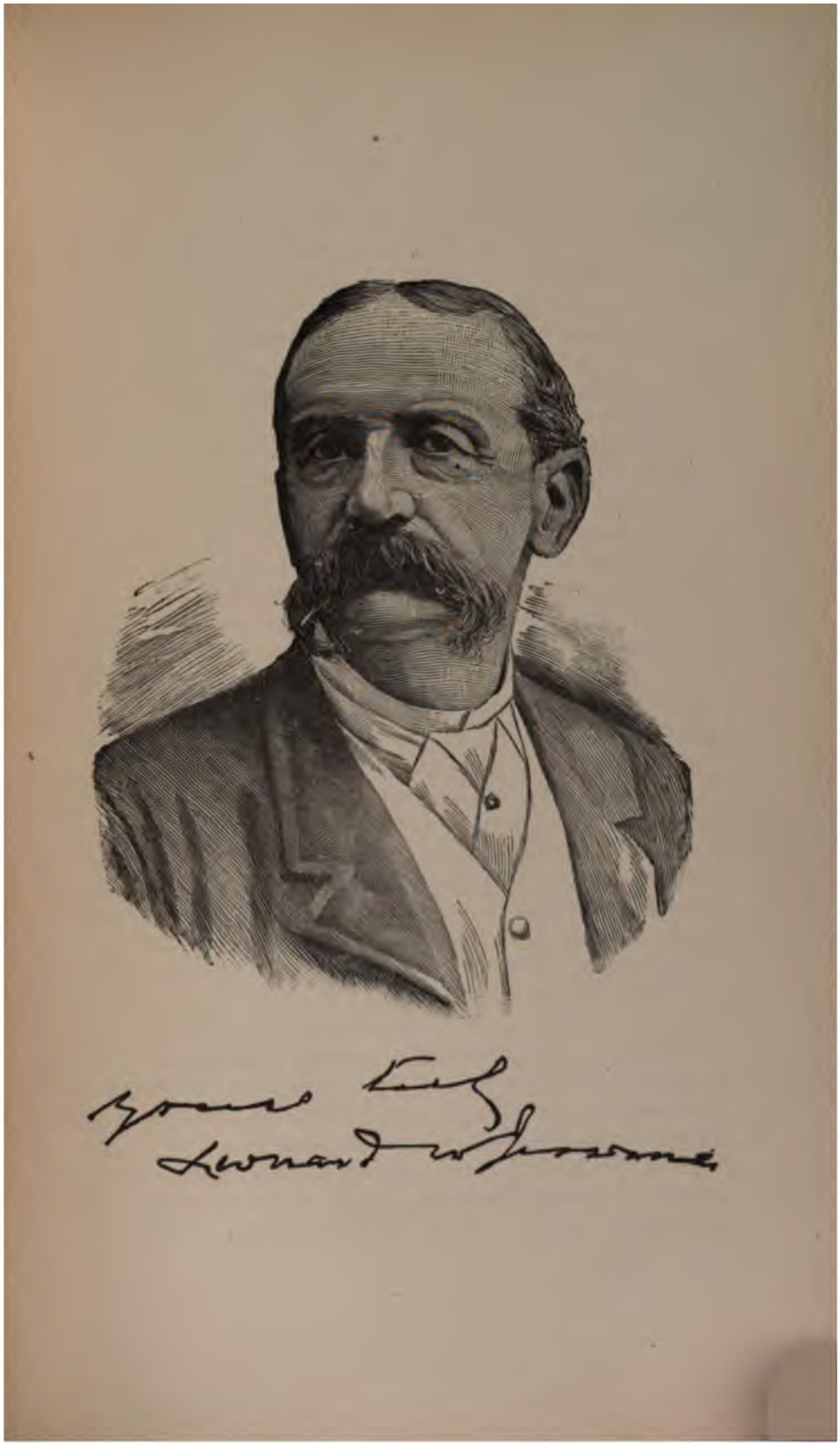
Addison Jerome, who died some years ago, was a gigantic operator in his day, and displayed great ability in the conduct of speculative campaigns, but he went beyond his depth and disaster followed. Like many others in Wall Street, he gained his business education in the dry goods trade. He met with one of his greatest reverses in his attempt to corner Lake Shore. Others followed, one after another, and the end was financial shipwreck.



ANTHONY J. DREXEL.

At this time his brother, Leonard W. Jerome, was one of the foremost men of Wall street and was a partner of Wm. R. Travers, the firm name being Travers & Jerome. Leonard Jerome is splendidly built and nearly six feet in height. His ancestors were Huguenots. He was born in Pompey, Onondaga county, New York. His grandfather was a Presbyterian clergyman. At 14 Leonard was sent to Princeton College and was graduated with credit. He then spent three years reading law in Albany, and at 22 was admitted to the bar. He practiced law with his uncle, Judge Jerome, of Rochester. Afterward with his brother Lawrence he established a newspaper, called the *Rochester Native American*, and he made a good editor. President Filmore appointed him Consul at Trieste. He came to Wall Street in 1854. His first operation was in putting up all he could spare, about two thousand dollars, as margin on five hundred shares of Cleveland and Toledo stock, one of the old-time speculative favorites. He bought it on a sure point from the treasurer of the road. He bought. The treasurer sold. Result: The stock fell, and Jerome lost all his spare funds. He was not discouraged. He studied Wall Street tactics, and in the end he made the treasurer pay dearly for his former success in spearing a lamb. He invested $500 in buying calls and made $5,000 within thirty days. He became a partner of William R. Travers. They were very successful on the short side of the market. He was to meet with some reverses, however. In 1862 the agent of the State of Indiana, in a manner that would have deceived the very elect, through an unauthorized issue of Indiana 5 per cent. bonds, swindled him out of $600,000 by the hypothecation of the bonds. The State repudiated the acts of its agent, and as an individual is not allowed to sue a State, Mr. Jerome was robbed of the money. Still another reverse was met in Pacific Mail. When the capital stock was increased to $20,000,000 he took 50,000 shares at 200. The price advanced soon thereafter to 243, and he sold a part of his

stock, but kept a large block of it on account of his faith in its value. At the next quarterly meeting of the Board of Directors, however, it was decided by a majority of one, five directors being present, to reduce the dividend from five to three per cent. The street was thunderstruck at the audacity of this move; the market broke, and in two hours Mr. Jerome's stock depreciated $800,000. Still he made large gains in Pacific Mail as well as big losses. He left Wall Street years ago with an ample fortune. He went there with next to nothing, and in spite of reverses, came out a substantial victor in the financial tourney. In the war he was always enthusiastic in his devotion to the cause of the North, and subscribed with princely liberality to aid patriotic movements. When the first great Union meeting was held at the Academy of Music he paid all the expenses. He was Treasurer of the Union Defense Committee, and he likewise paid all of its incidental expenses. He was the most liberal in his contributions and the most devoted in his allegiance to the Government in its darkest and gloomiest hours. He was the founder of the fund for the benefit of the families of those who were killed or wounded in the New York riots of 1863, growing out of the draft. His checks for $10,000 and more to aid the Union arms were frequent; he contributed $35,000 toward the construction of the "Meteor," a war vessel built to destroy the famous "Alabama" of the Confederacy. During the war Mr. Jerome purchased and held for some years the largest interest in the *New York Times*, then edited by the great war editor, Henry J. Raymond, an old friend of Mr. Jerome's. Like Mr. Travers, his early partner, Mr. Jerome has done much to encourage all out-of-door sports, especially on the race course. He established the Jerome Park Jockey Club, and became half owner in a famous speed horse which cost $40,000. No one has done more to improve the breed of blooded horses in this country than Mr. Jerome. He has also been prominent in yachting. He first owned the

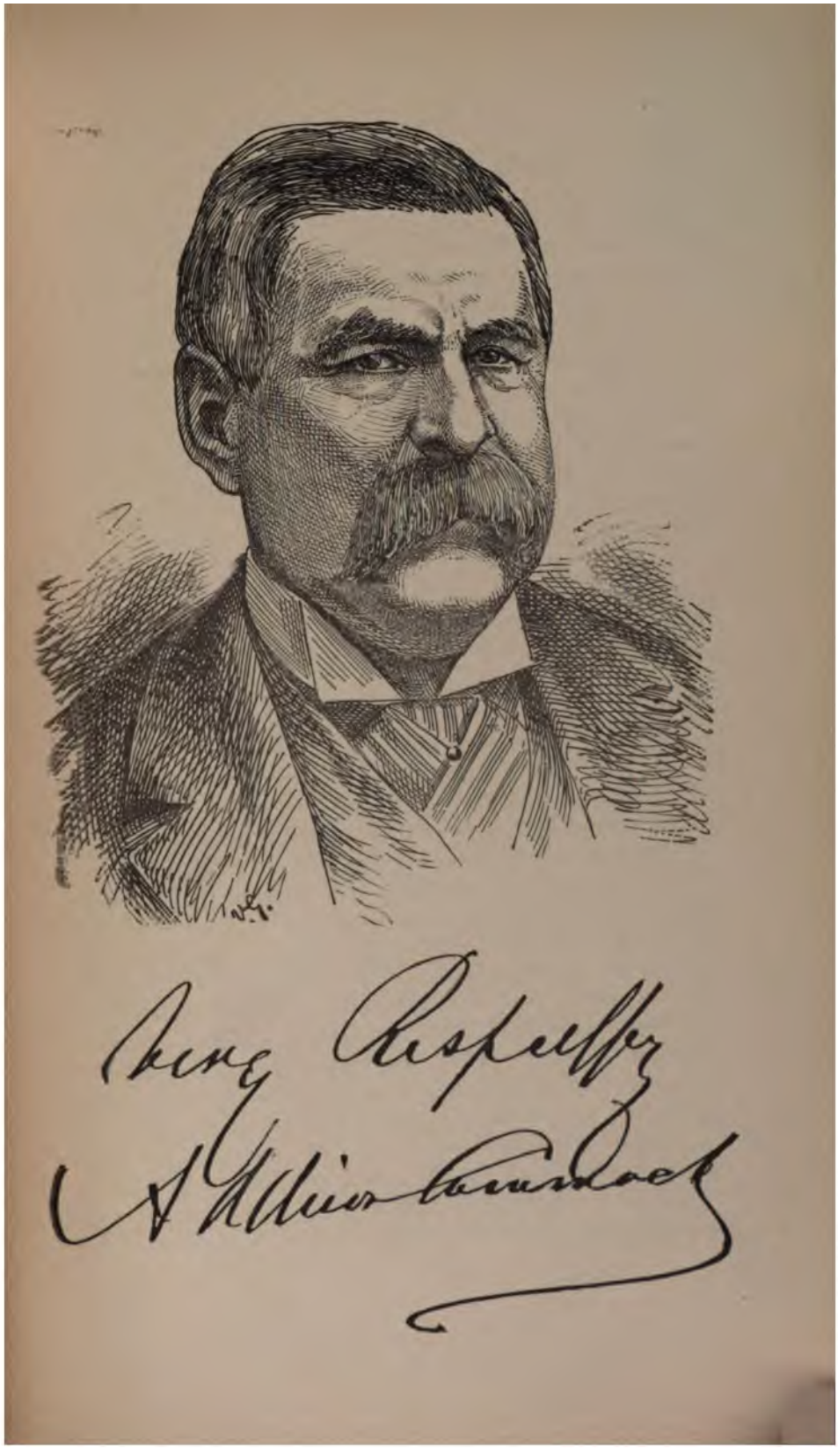


"Undine"; then, with Commodore McVickar, he bought the "Restless," and still later, with Commodore James Gordon Bennett, the "Dauntless." He paid $125,000 for the steam yacht "Clara Clarita," which proved a failure, and since then he has not been so enthusiastic a yachtsman as formerly. He made $45,000 on the great ocean yacht race of 1866. He had much to do with introducing the taste for four-in-hands in this country. He has been a liberal patron of American art in all its branches. He paid for the musical education of a number of well-known singers, whose voices were trained in the best Italian schools. His social position has always been high, but it has been still further promoted by the marriages of his beautiful daughters. The elder, Clara, is married to Mr. Morton Frewen, a member of an old English family which long represented their shire in Parliament. Another, Leoni, married Mr. John Leslie of the Guards, and son and heir of Sir John Leslie; while Jennie married Lord Randolph Churchill, the notable but erratic statesman. Leonard W. Jerome, whose history I have followed somewhat minutely, is one of the best-hearted men that Wall Street ever knew. The more he made the more he gave. He was liberal to a fault. He was never happy but when making others happy. He was a Sir Philip Sidney of chivalry and peerless generosity—a man in whom the warmest and most ingratiating traits of human nature were as natural as the winning sunniness of his disposition and the courage which once made him one of the great gladiators in the arena of Wall Street. Both he and his brother Lawrence are old members of the Union Club. Lawrence was formerly a stock broker. He had his ups and downs, and withdrew from Wall Street several years ago. He sold his seat in the Stock Exchange and placed the proceeds, about $30,000, in an annuity which insures him about $4,000 a year for the remainder of his life. This, with his other income, places him in easy circumstances and preserves his naturally cheerful disposition, rendering him one of the

most companionable men in the city. He is about five feet ten inches in height, stout and of light complexion. Since the death of his old friend, Wm. R. Travers, to whom he was as Damon to Pythias, he stands pre-eminent among the wits of New York. He is the prince of metropolitan wags and wits. His friends are legion. The great, genial, warm hearted, boyish Larry Jerome, as his friends love to call him, is literally a man without an enemy, and long may he live to brighten society with his happy exuberance of spirits, his scintillating humor and his brilliant wit.

Addison Cammack.

Addison Cammack is about sixty years of age and was born in Hopkinsville, Kentucky. He was reared in comfortable but humble circumstances. Early in life he began his business career as a clerk in the house of J. P. Whitney & Co., then the largest ship brokers in New Orleans. He showed decided business talent, and ultimately became a partner in the firm. In the early part of the Civil War he was located in Havana, but in 1863 he went to London and and engaged in business and speculation there. He returned to this country in two years, and in 1866 embarked in the wholesale liquor business in New York with J. W. George, the firm being J. W. George & Co. In about two years the firm was dissolved and Mr. Cammack became a member of the Stock Exchange, having previously formed a co-partnership with the late Chas. J. Osborn, under the name of Osborn & Cammack. This co-partnership, after some years of great prosperity, was dissolved, and since then Mr. Cammack has been an operator on his own account. In this capacity he has become widely known. He is a shrewd operator, and quickly changes his mind if he thinks he has been wrong. He jumps from one side of the market to the other with the greatest celerity when occasion demands it, but in the main he seems most at home on the bear side. In bear operations he has met with some reverses, while in this



direction he has also made millions. He seems to place great faith in Benner's book of "Financial Prophecies." At times he operates on a very large scale, and he has been known to cover fifty thousand shares of stock in a single day. He is tall, well built, and has strong features, with keen, gray eyes. In manners he is very democratic and candid, and occasionally somewhat bluff; but he is a man of generous impulses, very charitable, and has plenty of friends, both for his financial acumen and for his qualities as a man who never deserts his friends, and who has not a few of the characteristics of mediæval chivalry joined to the shrewd practicality of a great stock operator of this practical epoch.

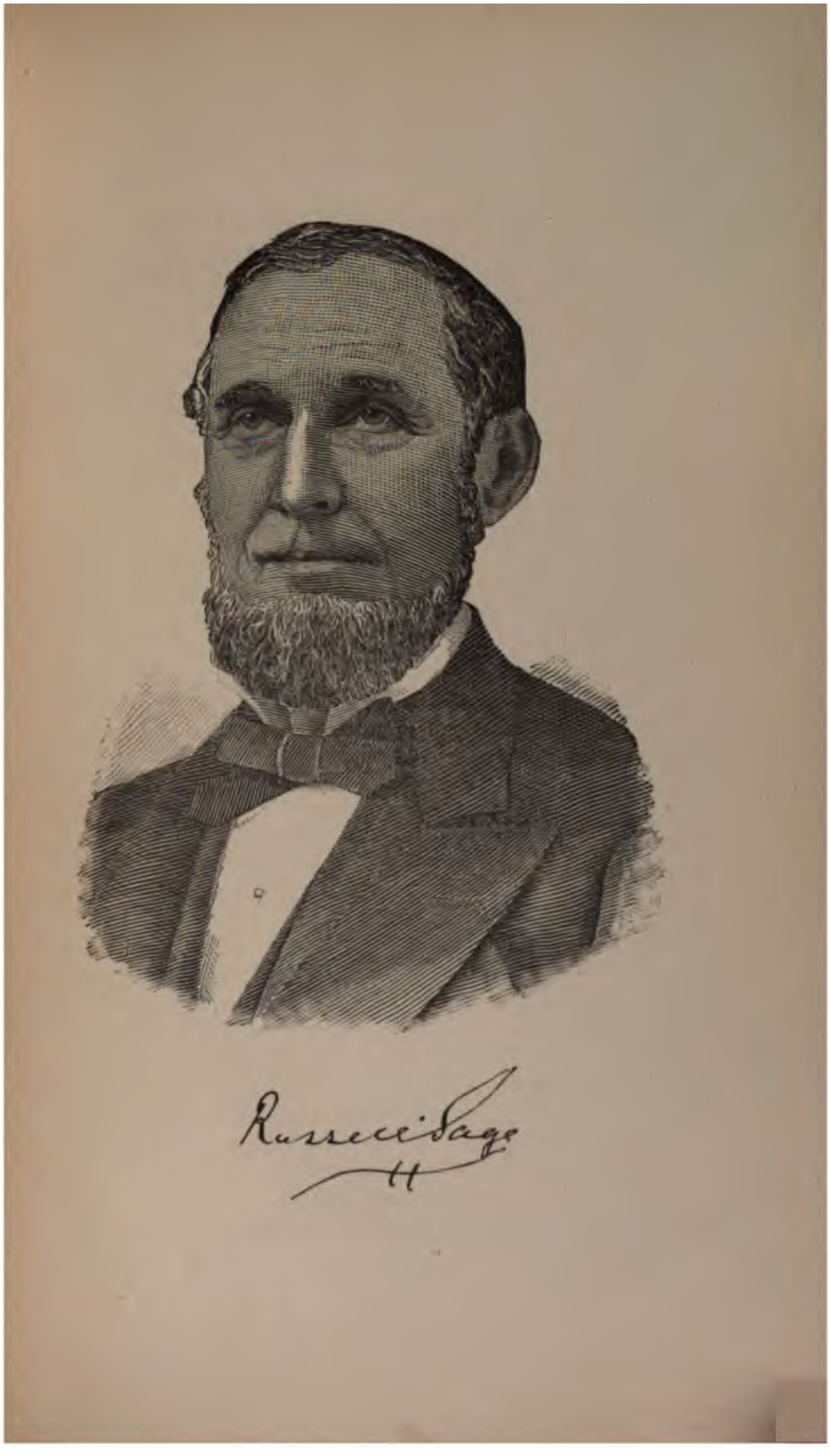
Russell Sage.

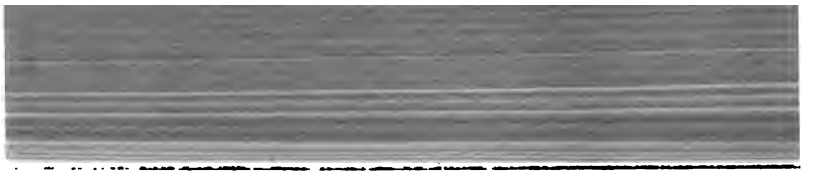
Russell Sage is one of the best known of Wall Street celebrities. He was born seventy years ago in Oneida county, of this State. As a boy, he was employed in a country general store, beginning life in this fashion at 14. His business aptitude early manifested itself, and at 20 he bought out his employer in Troy, to which he had in the meantime removed. He became later on a member of the Troy Board of Aldermen, served seven years, and was then elected Treasurer. Still later he was elected to Congress, serving from 1853 to 1857. He started the project of purchasing Mount Vernon and making it a national domain, and took great pride in the success which attended his efforts in this direction. While in Congress he became connected with the Pacific Mail Steamship Company, and later Vice-President of the Chicago, Milwaukee & St. Paul, also for a time its acting president. He is now a director in the Gould telegraph and railroad systems, is interested in a number of trust companies and is also said to own a large amount of stock in the Importers' and Traders' Bank. He is the king of puts and calls. He has usually been successful in writing privileges, but in the summer of 1884, when the market broke so badly as to produce a panic, Mr Sage

met with a decided reverse. He had sold a large number of puts, and the loss was several million dollars. He is known as, in one sense, the largest capitalist of Wall Street, inasmuch as he keeps the largest cash balance. It runs far up in the millions, giving him quick resources with which to carry out any project that may seem desirable. He is quiet and simple in his habits, making no display. He lives on Fifth Avenue, and also has a place at Babylon, Long Island. He is worth about twenty millions. He is tall, light complexioned, with keen, gray eyes, and in Wall Street might be taken for a country gentleman seeing the sights.

Chauncey M. Depew.

Chauncey M. Depew owes his rise to native abilities and the friendship of the Vanderbilt family, which he has thoroughly merited. He made the acquaintance of Wm. H. Vanderbilt about the year 1866 and became the attorney of the New York and Harlem Railroad. On the union of the New York Central and Harlem roads, in 1869, he was appointed attorney of the consolidated company, and in 1875 he was made general counsel. A few years previous he had been elected director of the New York Central road, and subsequently became a director in the Chicago and Northwestern, Michigan Central, St. Paul and Omaha, the Lake Shore and the Nickel Plate. In 1882 he was elected second vice-president of the New York Central, and in 1885 succeeded Mr. Rutter as president of that great railroad. He was born in Peekskill in 1834, and comes of an old French Huguenot family. He still owns the homestead purchased two hundred years ago by his ancestors. His mother is a descendant of the brother of Roger Sherman, of revolutionary fame. Mr. Depew was graduated from Yale College in 1856, and three years later was admitted to the bar. In 1862 he was elected to the New York Assembly and acted as Chairman of the Committee of Ways and Means and part of the time as Speaker. In 1863, the year after Governor


Russell Sage



Seymour's election, Mr. Depew was a candidate for Secretary of State on the Republican ticket, overcame the Democratic ascendancy, and was elected by about thirty thousand votes. He declined re-election and was appointed Minister to Japan by Secretary Seward. He held the post several years, and resigned it to resume business. His commission as Collector of the Port of New York was once made out by President Johnson, but in consequence of Senator E. D. Morgan's refusal to sustain Mr. Johnson's veto of the Civil Rights bill the President never sent the nomination to the Senate, but tore it up in a rage. In 1872 Mr. Depew was a candidate for Lieutenant-Governor of New York on the Liberal-Republican ticket, and was defeated. Two years later the Legislature elected him Regent of the State University. He served one year as one of the Commissioners to build the new Capitol at Albany. In the memorable contest for the United States Senatorship in 1881, Mr. Depew for eighty-two days received the votes of three-fourths of the Republican members, retiring then to ensure the election of Warner Miller. Mr. Depew is President of the Union League and a member of many other clubs and societies, and is very popular wherever he is known. He is one of the wittiest and readiest after-dinner speakers in this country, and when occasion requires, rises to the height of a born orator. His tastes seem to be those of a statesman and a scholar rather than those of a financier in the ordinary acceptation of the term, but his conservative and able administration of his office as President of one of the greatest trunk lines in this country, reveals a thorough apprehension of railroad problems and a natural capacity for whatever duties may be imposed upon him. His great versatility is exemplified by the fact that he has succeeded in law, politicts and railroad management.

James M. Brown.

James M. Brown, the banker, was born in New York city, and is about 65 years of age. He is ex-President of the Cham-

ber of Commerce, and is held in general esteem and respect. The house of Brown Bros. & Co., in which he is now the senior member, has an interesting history. Early in the present century Alexander Brown came from Belfast, Ireland, to this country, and settled in Baltimore, where he engaged in the dry goods business under the firm name of Alexander Brown & Sons. Subsequently the firm comprised five sons of Alexander Brown. The business of the dry goods firm prospered, and branch houses were established in Philadelphia, New York and Liverpool, a son going to each of these cities to represent the parent house in Baltimore. In New York and Philadelphia the style of the firm was Brown Brothers & Co., as the father had died in the meantime. In Liverpool they associated with them Mr. Shipley, and the firm there was Brown, Shipley & Co. Another house was established in London later on under the same title as the Liverpool firm. All the houses were still engaged in the dry goods trade. Here in New York, in which we are more particularly interested, the firm made advances on cotton, and received linens from abroad, and also orders to buy cotton for Liverpool. Gradually the house began to make larger advances to planters and others engaged in the cotton trade, and finally the banking business became so large as to swallow up the dry goods trade and the house thereupon dropped merchandise and became bankers. Later on a branch house was established in Boston, and at times it has had branch houses in New Orleans, Mobile, Galveston, Savannah and Charleston conducted under the name of the parent firm. At present it has houses in London, Liverpool, New York, Philadelphia, Boston, Baltimore and New Orleans. All of the original Brown brothers are dead. James M. Brown is a near relative of James Brown, whose picture appears, and who was the original head of the house in New York. James M. Brown did not enter the house in his youth. He was for years the senior member of the dry goods house of Brown,

Yours Very Truly
Chauncey M. Depew.

Seaver & Dunbar. On the dissolution of this firm James M. Brown became a partner in the house of which, by reason of his years and large experience, he may be considered the head. The other partners here are Howard Potter, John Crosby Brown, Charles D. Dickey, Waldron Post Brown, a son of James M. Brown, and W. F. Halsey. The New York partners are interested in the branch houses in this country and abroad. James M. Brown was a member of the famous Committee of Seventy which contributed to the downfall of the Tweed Ring in this city. He is of the medium height and florid complexion, well preserved, genial in manners, and is a man of high character.

Stedman, the Poet and Financier.

A small, slightly built gentleman with iron gray side whiskers, a refined face and expressive gray eyes, is one of the notable figures in Wall street. It is Edmund Clarence Stedman, the banker poet. He was born in a small town in Connecticut in 1833, studied at Yale, entered journalism in 1852, came to New York in 1855, and soon began to contribute poems to the *New York Tribune*. He became a war correspondent for the *World* on the outbreak of the rebellion, and continued in this capacity till 1863. In that year he became private secretary to Attorney-General Bates at Washington. Meantime he studied law, and contributed to the *Atlantic Monthly* and other leading magazines. As a poet, he holds high rank; as a writer of polished, graceful prose he has few equals; as a thorough gentleman and a scrupulous man of business he is held in the highest respect. Through the imprudence of another he has within a few years met with some financial reverses, which he met courageously and honorably, and he is now well on his way towards his former position of financial ease. Although a poet, he understands Wall street business thoroughly, and is considered a keen judge of financial opportunities.

Victor H. Newcomb was born in Louisville, Kentucky, about 48 years ago. His father was President of the Louisville & Nashville Railroad, and the son succeeded the father in that position. The elder Newcombe was a financial power in Kentucky. He was sagacious and far-seeing. In every respect, he was an excellent business man. Victor Newcomb has fallen heir to his father's laurels and is a successful operator in Wall Street. He has achieved signal success in most of the campaigns in which he has engaged, whether on the bull or the bear side of the market. He is cautious, and turns quickly when he thinks there is occasion. He seems to act on the French saying, that "only a fool never changes his mind." He lives in fine style on Fifth avenue, and also has a beautiful residence at Elberon. He is one of a number of prominent gentlemen from the South who have enrolled themselves among the citizens and taxpayers of New York. He is an ex-director in the New York & New England road, and a prominent member of the Union and Tuxedo Park Clubs.

Moses Taylor.

Moses Taylor, now deceased, was one of the notable figures in Wall Street life for many years. He started as a South street merchant, after having been a clerk with G. G. & S. Howland. Wm. H. Aspinwall was also a clerk with that house at the same time. When Mr. Taylor gave up his situation to embark in business for himself, Mr. Aspinwall was admitted into the Howland firm as a junior partner. Moses Taylor was a man governed largely by intuition. There was little argument; with him, so to speak, it was a word and a blow. Having formed his impression and taken his quick resolution, there was no length to which he would not go in the transaction, either in buying or selling or advancing money. He was President of the City Bank and owned a large amount of its stock. Under his administration the bank was wonderfully successful. His son-in-law Percy R.

Samuel Brown

(DECEASED.)

Pyne, is now its President. Moses Taylor was a valuable aid to the Union cause during the war. He was a close friend of Secretary Chase, and whenever the Government needed the assistance of the banks, the Secretary's influence with the great merchant speedily brought about the desired result. Moses Taylor realized the fact that the support of the Government by the entire banking system was an imperative necessity. The presidents of the banks would be called together on one of these appeals from the Secretary of the Treasury, and whatever action Mr. Taylor favored would be adopted, so strong was his influence, and so high his standing as a merchant and financier. He accumulated wealth very fast in connection with the sugar branch of his business. Most of the large sugar planters consigned their product to his firm, and they were also governed by his superior judgment in investing their money, so that he always had important connections with Wall Street, a fact that entitles him to a place in this book. While investing millions for Cuban capitalists, he also invested very largely for himself. Moses Taylor was the first to discover the value of the Delaware, Lackawanna & Western Coal property, and while the stock was kicked about Wall Street, because the company was bankrupt, he picked it up at a few cents on the dollar, and made millions of dollars from this investment alone. At his death he was one of the largest owners of the stock, as his faith in it was so strong that he had refused to sell it, even though the price had risen above 140. He died worth at least forty millions of dollars. He had no social aspirations, and no interest in anything but business. It was his idol. Few men have been harder workers from early in life up to their last days. He never felt that he could spare time for recreation, and was seldom known during his long business career to leave the city over night, summer or winter, except on business. Moses Taylor had for partners in his business his son-in-law Percy R. Pyne and Lawrence Turnure, both excellent business

men, and Mr. Taylor owed much of his success to the selection of these gentlemen to aid in the management of his affairs. Mr. Taylor placed in the hands of these two gentlemen, especially during the last ten years of his life, the laboring oar of his vast business, and the successful results are the evidence of their sagacity and marvellous ability.

Anthony W. Morse.

Anthony W. Morse was once one of the remarkable men of Wall Street. He made $150,000 in speculation, bought a yacht and went to Europe during the war. While in England, he mingled with the aristocracy, and became strongly imbued with the idea that the North would not be successful in the war, and that the National currency would become almost valueless. He thought that the more the National currency depreciated, the more railroad stocks and bonds would advance; in short, that whatever the currency would buy would advance, while the currency itself would become nearly worthless. He therefore became a rampant bull on stocks. He bought almost the whole list, and also did a large business in buying for others whom he succeeded in impressing with his own ideas. He had many followers and made a tremendous inflation. Secretary of the Treasury Chase was advised of this Morse speculation, which might prove prejudicial to the National credit, and he announced that if the inflation was carried any further, he would prick the bubble by selling gold. Anthony W. Morse thereupon personally sent Secretary Chase a dispatch saying that he would take all the gold that the United States Government had to sell. Mr. Chase immediately ordered Assistant Treasurer John J. Cisco to sell $10,000,000 of gold to the highest bidders. The usual notice appeared in the morning newspapers, and a panic at once followed. At 12 o'clock, or two hours after the opening of the Exchange, it was announced from the rostrum that Anthony W. Morse had failed. This terminated

Edmund C. Stedman

the career of Mr. Morse as a large operator and manipulator, and with his downfall the death knell was sounded to his imported theories. He struggled manfully for several years to regain his footing, but his prestige was gone, and he failed in every effort to push his way again to the front. His ill-success soured him. His health failed, and he went to Havana to recuperate. There he died with profanity on his lips, enraged at the failure of all his hopes. He paid the penalty of disloyalty. His friends of the English nobility were largely to blame for all his misfortunes. Their predictions of the success of the South led him on to irretrievable ruin. He did not see that their wish was father to the thought.

Former Giants of the Street.

Henry Keep, once President of the Lake Shore road, and also of the New York Central, was in his day a power in Wall Street. He was the first to discover the intrinsic value of railroad property in the Northwest, and manipulated Chicago & Northwestern stock, both common and preferred, very successfully, making a great deal of money for himself and friends. He died very wealthy. He came to New York city from Watertown, in the interior of New York, and at first was an exchange broker, dealing mainly in uncurrent money. He had previously served in some humble position on a railroad. By careful and economical habits he was able to leave a fortune of several million dollars, largely in common and preferred Northwestern stock. The plot of ground on which William H. Vanderbilt built his palatial Fifth Avenue home was once the property of Mr. Keep, who originally bought it for about $250,000 for the purpose of building a charitable institution, but changed his mind when the property quadrupled in value. Then he concluded that charity should begin at home. He sold the plot, extending for one block along Fifth Avenue, to Mr. Vanderbilt for one million dollars. Still his original intentions

were good, and it was only after the real estate market, as with Satanic malice, had in that locality advanced 400 per cent. and taken him up into a high mountain of temptation, that his philanthropical project turned awry and lost the name of action. While Mr. Keep made a signally good President of the Lake Shore road and was a great manipulator of stocks, he was a failure as President of the New York Central, and he resigned that post having no confidence in the future of the property. Commodore Vanderbilt, who believed in the property became his successor, and in a previous chapter I have given the story of the rise of that remarkable man. It is of interest to recall, by the way, that while President of the Lake Shore road Mr. Keep went largely short of the stock. As the President he naturally had inside information. Addison Jerome, a brother of Leonard Jerome, was a big operator of the day, and undertook to corner President Keep. In those days a great deal of stock was sold on seller's option for thirty and sixty days. Mr. Keep had sold largely in this way, and Addison Jerome and his clique had bought heavily, expecting that the corner would be complete when the options should mature. A surprise awaited them. Mr. Keep made deliveries promptly in brand new shares. They were really an over-issue by the Company. It was a Waterloo in a double sense for Jerome and his fellow bulls. They were in over their heads. It had such a dampening effect that they immediately threw up the sponge and the stock came down with a crash. The issue of this new stock was smoothed over by turning the avails into the treasury of the Company, a fact, however, which did not prevent Mr. Keep from making a pretty good turn on his shorts.

J. Pierpont Morgan.

J. Pierpont Morgan, known as the "Railroad Reorganizer," and who has won a place in the front rank among American financiers, is a son of the well-known Junius S.

Yes Sincerely
H. Victor Newcomb

Morgan, the head of the firm of J. S. Morgan & Co., of London, and the successor of George Peabody, the great philanthropist in the banking business there. George Peabody, some years before his death, visited this country, and, desiring a partner in his great banking house, made inquiry in Boston for a suitable person. Junius S. Morgan was recommended as a young man of exceptional business talents and he was selected for the responsible post, the firm being known as George Peabody & Co. On the death of the celebrated head of the firm, the name was changed to J. S. Morgan & Co. The success of the father has been repeated in the signally successful career of the son. During the palmy days of the firm of Duncan, Sherman & Co., once renowned among the financial strongholds of the country, J. Pierpont Morgan was one of the clerks. It was there he graduated as a practical student of financial achievements; it was there he won his spurs for the monetary campaigns that awaited him. Leaving the house that was then a synonyme for invincible solidity, Mr. Morgan established the firm of Dabney, Morgan & Co. Mr. Dabney was formerly one of the firm of Duncan, Sherman & Co. After a few years the firm in which Mr. Morgan ha dthus first engaged in business on his own account was dissolved. But the check, if it may so be termed, was only momentary, and colossal feats of financiering were to deck his career with triumphs. He formed a connection with the wealthy Drexels, of Philadelphia, and a New York branch of their banking house was established, under the name of Drexel, Morgan & Co., which has for some years been largely engaged in the reorganization of crippled railroads like the West Shore, Reading and many others. And they have been very successful. They have been financial physicians, healing sick corporate bodies; monetary surgeons, amputating needless expenditures and reckless methods; or, in perhaps more happy figure, skilful pruners of the vine, that the ultimate vintage might be more abundant.

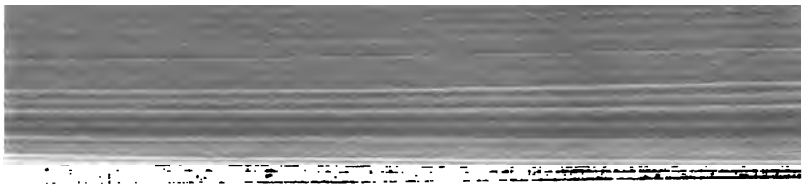
Mr. Morgan is endowed with very positive traits of character. He has the driving powers of a locomotive. He cares nothing for show; he is a plain man of action. He strikes hard blows; he is naturally aggressive. In speech he is candid to the verge of bluntness; in action he is short, sharp and decisive. Like a true soldier, he is a man of acts rather than words. Rugged as a Spartan in his nature, hating circumlucation, bombast and palaver, going straight to the mark, yet with due caution and prudence, he exhibits many of the best traits of the practical financier.

I have asked Mr. Morgan for his picture for publication in this book, but with natural personal modesty, he has recommended that his handsome partner, Anthony Drexel, of Philadelphia, be selected in his place, and with a view to encouragement in Wall Street of blushing modesty—that century flower of the financial conservatory—I have complied with his request.

THOMAS L. JAMES,

President of the Lincoln National Bank, has had a career in New York brilliant in the service of the public, and marked in the practical skill with which confidences and enterprises have been directed by him. His training has contributed largely to his success as a financier. He came from Utica in 1861 and entered the Custom House as Deputy, and finally attained the position of Postmaster-General after a long and successful term as Postmaster of the City of New York. Mr. James directed the affairs of the Lincoln Bank so successfully that what promised to be a small up-town bank has developed into a National bank of considerable importance. He is one of the men of the times, one who feels the tide of local affairs, a man of the people who acts from wholly conscientious motives, and whose ambition has never exceeded his sense of duty.

Moses Taylor



CHAPTER LX.

TWO YOUNG MEN OF PROMISE.

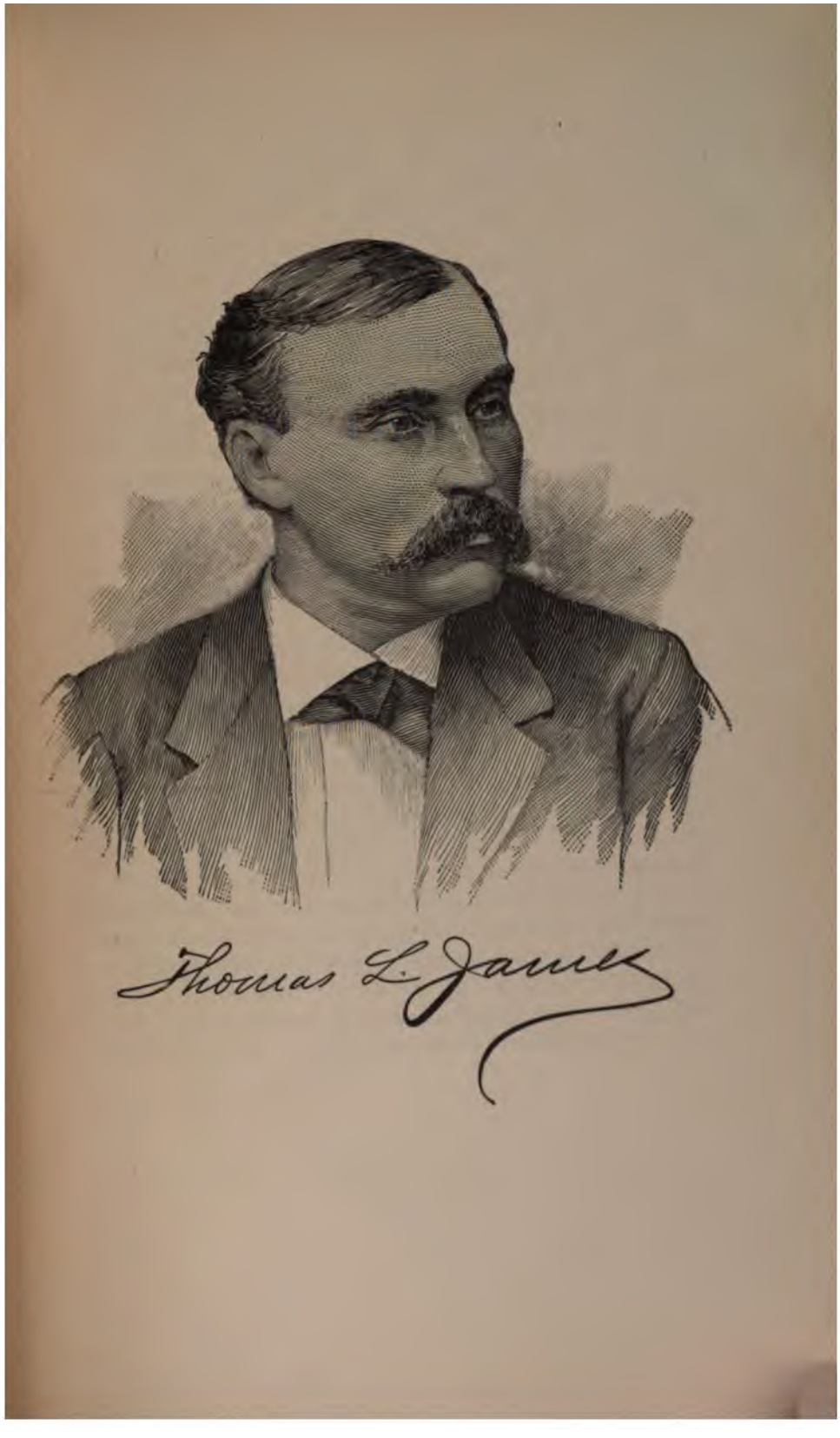
I think this book would be incomplete without saying a few words regarding two young men in my establishment whose portraits adorn the two preceding pages and who give fair promise of making their mark in Wall Street.

One of those is Mr. Charles M. Foster, who has an interest in my firm, and the other is my nephew, Mr. James Blanchard Clews, who has recently been promoted to be the general business manager of my Broad Street office.

Mr. Foster was born in this city and is now about 30 years of age. He commenced his financial education early, having entered a Wall street office as a clerk when he was only 13 years of age. Like many successful men of the present day, he began with a small salary, only three dollars a week, just three times the amount received by Mr. Cyrus W. Field during the first two years of his initiation in the world of business and finance. Mr. Foster rose steadily by his own thrift and industry through various gradations until he was 21 years of age, when I gave him an interest in my business. In 1884 he was elected a member of the Stock Exchange. Mr. Foster is genial and unpretentious in his demeanor and has a natural aptitude for making friends.

Mr. James Blanchard Clews was born in Dunkirk, this State, August 4, 1857. He graduated from Chamberlain College in this State. He then entered the office of the Red Line Transit Company, where he spent two years, after which he accepted a position of responsibility in the office of the General Manager of the Union Steamboat Company of Buffalo. Here his ability and his growing capacity for making a good business man were further satisfactorily illustrated, for if they had not, he could never have been in an office of mine. As I have amply explained in another

chapter, I could never commit that common error and act of cruelty involved in keeping a young man in my employment who had not a decided inclination for the business. This would be a serious injustice to the young man, and I am happy to say that I have always managed to avoid inflicting it upon any of my employes. Neither should I permit blood relationship, without due consideration and test of capability, to interfere with this cardinal principle of my business life. To do so, like many whom I know, not only causes personal dissatisfaction and heart-burning between employer and employed, but what is worse, it has a demoralizing influence upon all the employes of the house. Regardless of family affiliations in this case, I have adhered strictly to the Jeffersonian principle, "Is he capable? Is he honest?" When these questions are satisfactorily answered in the affirmative, I have then no more objection to a relative than a stranger as an eligible indvidual for a position in my business. I should rather prefer giving an incompetent relative a pension outside of my establishment, on purely business and economic grounds where he would be powerless to do injury or make mischief, to a sinecure inside, where his opportunities as an incessant disturber of the peace and harmony of the firm might keep it constantly in hot water. Happily I have no such annoyance with the subject of this notice. As I have intimated, his industry and ability had won for him the esteem of his former employers before he came to me. In a few years he has risen by gradation on the score of merit from the position of third book-keeper, through that of cashier, to the very responsible one of General Manager, which he now holds.


Thomas L. James

CONCLUSION.

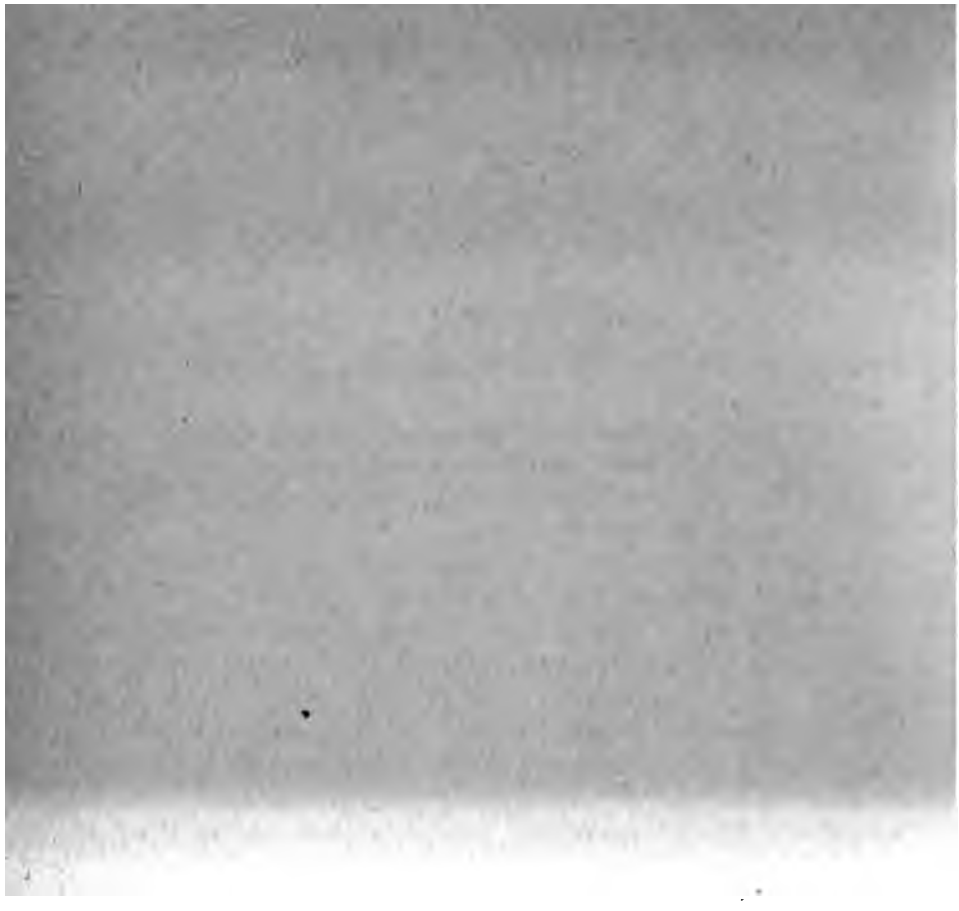
IN conclusion I wish to ask public indulgence on account of omissions.

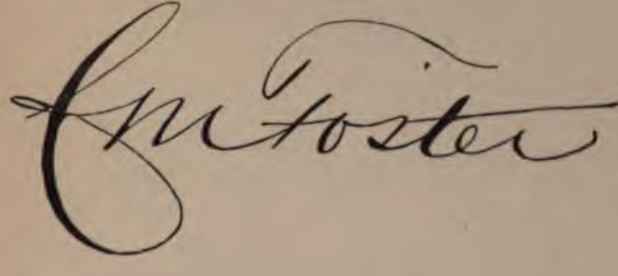
There are many brilliant financiers and skillful operators of the younger generation in Wall street who have thus far shown that they are probably destined to a prosperous, and in some instances, an illustrious career.

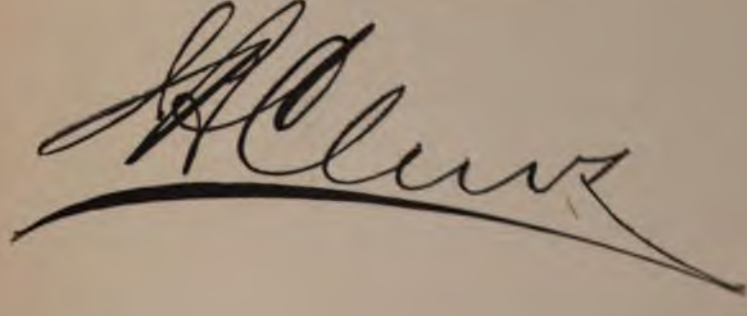
Again, there are others of various ages and long experience, whose achievements have been of a quiet, unostentatious character and whose business lives and operations have been conducted with great reserve, yet with marked success.

Although these two classes have not yet done much to make their existence conspicuous in the public eye, while some of them, through excess of modesty, perhaps, have even shunned publicity, yet their lives have been replete with noteworthy events and the acquisition of very useful knowledge which, if preserved and recorded, would be highly interesting in the present, and probably not unworthy of being transmitted to the future.

I have a considerable number of these clever and worthy gentlemen in "the volume of my brain," for whom I have no space in this book, as it has already exceeded the dimensions which I had originally designed, but in an additional volume I intend that they shall be duly remembered according to the best of my humble ability and my opportunities of forming a just estimate of their deserts.







OPINIONS OF THE PRESS.

(*The New York World.*)

It is pretty safe to say that no such completeand comprehensive exposition of the subject (of Wall street) has ever been given. The literature concerning itself with Wall street, which has appeared in book form heretofore, has been commonly of the most superficial kind, the product of unimportant and unsuccessful speculators, who, after their retirement from the market, have conceived their experience to be quite unusual, and, laboring under this delusion, have related them at length, and made the history of important crises revolve about their trifling personalities. Mr. Clews has been a leader and a participator in the great scenes of Wall street for nearly thirty years past, and what he says naturally has the certainty and authority which come from an intimate knowledge and an ample grasp of the subject in hand.

(*The New York Sun.*)

The part played by the bankers and business men of New York in the history of this country during and since the war of the rebellion would justify the publication of reminiscences by any leading financier. But there is a truly surprising amount of information, both of a useful and entertaining sort, in "Twenty-Eight Years in Wall Street," by Henry Clews. Beginning with the panic of 1857 and coming down to the pending presidential contest, the author of this book not only discusses with the insight gained from long experience, the events and movements of which the nation's money centre has been the theatre, but he also throws a searching side light on more than one political crisis and revolution, whose relation to Wall street has not always been discerned. Interspersed, too, with serious reflections on the economical questions which have compelled public attention during the last generation, are graphic portraits of the striking individuals—prominent politicians, financial magnates, brilliant speculators—with whom Mr. Clews has been brought in contact during his business career. It is, indeed, the profusion of personal anecdotes, often piquant, but never ill-natured, that will make this narrative enjoyable to many who might overlook the value of the author's observations and suggestions with regard to matters of historical importance.

* * * * * * *

It seems proper enough, if we consider the extraordinary influence which he wields upon the New York Stock Exchange, that forty pages of this volume should be devoted to Mr. Jay Gould. When we remember that he is but 52 years old, the fortune accumulated by this financier must be acknowledged a phenomenon without any precedent in ancient or modern times. With his early history the author seems well acquainted, but this is interesting chiefly as showing how decisive is the effect of native abilities on mortal achievements, and how slight, after all, is the restraint which can be exercised by circumstance. They who suppose that by revealing the humbleness of a beginning they detract from the elevation subsequently reached are strangely ignorant of the laws of the imagination. The author of this book is guilty of no such misconception, but, on the contrary, writes of Mr. Gould's extraordinary performances in a frankly appreciative, not to say sympathetic way.

* * * * * * *

The reference to Mr. George Gould, the son of the railway and telegraph magnate, are also couched in a very kindly tone. In a chapter on "Stock Ex-

change Celebrities," we read: "George J. Gould will be one of the few very rich men in this country, as he will be, of course, his father's successor. He possesses good abilities, has an attractive presence, and is modest and retiring in his manners. He has thus far made an excellent record, and the Stock Exchange was glad to admit him to membership.

* * * * * * *

In this brief survey of Mr. Clews' reminiscences we have mainly confined ourselves to passages illustrating a quality which in the case of a commentator still in active business could hardly be expected—we mean his singular impartiality and magnanimity. It is a truly surprising spectacle, this of a man who for nearly thirty years has been subjected to the turmoil and collision of Wall street, yet has kept the milk of human kindness uncurdled and unstrained.

(*The New York Daily Commercial Bulletin.*)

Mr. Henry Clews has just issued his new book, "Twenty-Eight Years in Wall Street." Its 800 pages and 60 chapters will unfold to the "outside public" many of the unknown secrets connected with events and deals in Wall street during the period which the author's experience covers. A notable feature of the volume is the interesting and sometimes very candid sketches of financial celebrities, of both local and national reputation. Mr. Clews' biographical sketches contain many personal incidents connected with his subjects which have not been hitherto known outside of a limited circle; and the great financial events and movements of the period are written by the pen of experience. To those of a more reflective mind, his chapters on Railroad Investments, The Silver Question, The Labor Question, New York as a Financial Centre, etc., will be of particular interest. The author has evidently attempted to attract all classes of readers, and will no doubt be successful, as his work is probably the most complete and readable of its kind yet published.

(*New York Star.*)

Mr. Clews' impartiality of judgment wins the reader. Honesty as a historian has compelled him to state many truths in regard to individuals with whom his relations have been more or less personal, but while not attempting to gloss over that which all the world knows, he has with equal fairness stated the evil and emphasized the good. In all things, we should say, he has been kindly as well as just.

(*The New York Tribune.*)

The life of Wall street, or at least of the purely speculative element there, is a continual warfare. The battle is never ending. We scan the newspapers every morning for a list of the killed and wounded. Now and then a fighter with more than the average of pluck and shrewdness wins an epaulet or a decoration—that is, a million, or, better yet, two millions. To-morrow he may be completely stripped, and left for dead on the field. The story of this fairy-land, where vast fortunes are made and unmade, almost in a twinkling, is fascinating. It is so especially in this country, where we have a trick of getting rich suddenly, and then getting poor with equal celerity. Mr. Henry Clews, a well known figure for many years past in Wall street, has issued a volume of his reminiscences, which reflects many of these lights and shadows. Any man who can survive twenty-eight years of this life and still be, at the end of that time, one of the marked forces of our great financial centre, must be a strong personality, and Mr. Clews' account of his contemporaries is therefore likely to be interesting

not only to them, but to the world outside. We find some striking illustrations of the truth of what we have just been saying in the way in which the history of the Street has gone on making itself after Mr. Clews stopped recording it. When the book went to press Mr. Clews described James R. Keene no doubt accurately, as being "now comparatively poor." "Keene arose from nil to be worth thirteen millions. He is now back where he started." Yet, before Mr. Clews' book reaches the public, Wall street is busy with rumors to the effect that Keene is making millions again. When the later pages were written, among the well-known members of the Stock Exchange was "Charles Johnes, the king of the board-room traders, once a clerk of Henry Clews & Co., now worth a million, and prince of good fellows, as bright and quick as he is popular." Yet, within only a few weeks, poor Johnes has been consigned to a lunatic asylum, and is said to be nearly stripped.

But Wall street is much more than a centre of speculation. To the solider and graver side of its life Mr. Clews gives much attention. He has an interesting chapter upon the movement of Western Millionaires to New York, including C. P. Huntington, Leland Stanford, D. O. Mills, Charles Crocker—just dead—Mark Hopkins, J. W. Mackay, and others. One chapter contains a brief synopsis of the important events connected with Wall Street during the past seventy-one years. The book contains a great variety of matter, serious as well as light, which will be of interest not only in Wall Street, but the larger world outside, which never seems to tire of reading about Wall street.

[We regret to say that the recent rumors about Keene's fresh ventures are not yet borne out by results, but there is a good time coming.—Ed.]

(New York Morning Journal)

Wall street has long had its poet in Mr. E. C. Stedman, and now it has an author who knows what he is writing about. This is Mr. Henry Clews, whose book entitled "Twenty-eight Years in Wall Street" will be out in a day or two. Mr. Clews deals with the big men of finance in a taking and sprightly manner, and tells many of the interesting experiences that have befallen him during his career among the bulls and bears. The book shows that Mr. Clews has literary talent of a high order.

* * * * * * *

Mr. Henry Clews has made a decided hit with his book on Wall street. The brilliant financier thinks seriously of writing another volume. This time it will be a novel, and if it is only half as witty and bright as his reminiscences of Wall street it will be a howling success.

(New York Evening News.)

A thoroughly interesting and readable book—in more than fair measure an instructive one too—is "Twenty-Eight Years in Wall Street," by Henry Clews, published by the Irving Publishing Company, of New York. The book is not a detailed history of the financial centre during the time which has elapsed since the beginning of the war. It is rather a series of entertaining, often absorbing sketches of famous men and notable events.

(N. Y. Press.)

In this book the veteran financier has given a clear and vigorous description of life in Wall street during his long and exciting experience.

(*Daily Telegam, New York.*)

Henry Clews' book is one of the most valuable and solid contributions of the present day to the financial literature of the country.

(*The N. Y. Mail and Express.*)

Mr. Clews' knowledge of inside facts and of all the great New York speculators of the past generation is as great as that possessed by any survivor of the great conflicts which he describes with so much vigor. He seems to be perfectly fair and just to the men with whom he has been in antagonism, and his sketches appear to be worthy of entire confidence.

(*The Stockholder.*)

The book will be found to be interesting reading, giving as it does a great many facts, told in a very easy and good style, which cannot fail to attract attention.

(*The Daily Investigator—Editorial.*)

Henry Clews—His Book. No one can read "Twenty-eight Years in Wall Street," by Henry Clews, without feeling respect for him and his opinions and obtaining a clear insight as to the causes of his unusual business success. The opinions and judgments he expresses—and we meet them in every page—are the obvious outcome of his shrewd common sense and sagacity. He is bristling with suggestiveness and practical worthy wisdom at all points, and he has evidently a clean faculty for utilizing every business opportunity and everything that occurs as it transpires. His sharp business instinct pervades the book from beginning to end, and he shows himself an uncommonly good judge and manager of men in general, as well as of those in his own employ. He is as quick as a flash in recognizing weak and strong points in anything or anybody, and in turning everything to advantage or avoiding or averting a disadvantage or a disaster. He has always acted as if he knew that God helps those who help themselves, and that life is a battle, with every man for himself and God for us all.

He is the very opposite of a drone in the hive of life, and he intimates that the drones among those in his own employ quickly went to the wall, while merit was promptly appreciated.

He is a man of infinite push and resources, and such a man would grow rich while others starved. He has, of course, not been averse to publicity, because he felt that the more publicity he had the more his business would prosper. His restless energy has caused him to leave nothing undone that he could do, and "business before pleasure" was with him a precept more potent than law. He could "size a man up" with uncommon accuracy, and he had tact enough to make good use of his knowledge of men.

The literary execution of the work is very good, and a handsomer volume could hardly be desired. It covers between its covers the whole history of Wall street and its law and gospel according to Clews, and he proves himself an entertaining guide, philosopher and friend. Indeed, it is by far the best book on Wall street ever published. "Twenty-eight Years in Wall Street" will afford both pleasure and profit to all who read it, and it deserves a large circulation. We found it both uncommonly interesting accurate and complete, and the illustrations recall the faces of many departed Wall street leaders, and include, also, at least one "live" man in the features of the author himself. We are not puffing Mr. Clews, but we can conscientiously give him credit for having produced a good book.

(*New York Commercial Advertiser—Editorial.*)

We counsel the adventurer to study the shadows of the street no less attentively than its dazzling lights. If he does so he will find that even the kings of speculation seldom reign long, or die upon their thrones. In no particular is the book that we refer to more instructive than in this. If it be a story of startling successes, it is above all a record of blighting failures, and its moral is, if you would get rich don't go into Wall street, but keep out of it.

(*The Daily Indicator.*)

Few men can relate personal experience in Wall street as rich as that of Mr. Clews, and the fact that he has strung together his facts with a thread of philosophy of his own has made his book peculiarly readable and useful.

* * * * * * *

The book should be in the hands of every Wall street man, young or old, and should be read carefully by every student of the financial history of this country.

(*Daily Financial News.*)

Mr. Henry Clews has received the following letter from the Hon. Noah Davis, ex-Chief Justice New York Supreme Court:

Henry Clews, Esq.,

DEAR SIR:—I have just finished reading your book, "Twenty-Eight Years in Wall Street," and I feel it fairly your due that I should express to you the pleasure and instruction it has given me,

The book is written in an admirable style, plain and unassuming, yet bold and manly; and carries on its face a conviction of your desire to be just and fair in statement both of fact and opinion.

I think it an extremely valuable addition to the literature of the day, inasmuch as it rescues from tradition and embalms in history a mass of facts interesting to all readers, and well worth preserving as a part of the current transactions of a most important period of American life and business.

You are entitled, for the diligence and care with which you have prepared this work, to the thanks of all your readers, and you certainly have mine.

I am very respectfully,

NOAH DAVIS.

We think the general Bench and final Court of Appeals, the public unanimously concur in this decision. No dissenting opinion has yet been heard of, or intimated.

(*The Journalist*)

This book Mr. Clews has written is a vast panorama of Wall street life. It is more than a panorama. It is an introduction to the moving throngs which frequent that busy thoroughfare. In its well written pages the reader may see materialized the Kings of the street, whose names are so familiar. No cold sketch, nor unfeeling portraiture, is here presented. But the magnates of the money mart, as they walked and talked, conversed and exchanged gossips and jokes, move through the book in long procession. The knightly Travers, with his never failing wit, the wily Commodore Vanderbilt and the phlegmatic William H., A. T. Stewart, Daniel Drew, and others who have passed to the spirit land, are here pictured in their habits as they lived.

(*New York Railway and Corporation Law Journal.*)

This is a history, told in a colloquial fashion, of Wall street men and methods for almost a third of a century. It is written with very considerable cleverness and much real ability by one of the acknowledged characters and leaders of the Street. It will pay a careful reading, and it affords a view of financiers and financiering in the financial centre of the Western hemisphere not elsewhere to be obtained, unless in conversation after dinner or at the club with such another financial Democritus as Mr. Clews.

(*The Financier.*)

Book writing has of late degenerated into a business as it were, and authors have been so lacking in the information and research necessary to make their works valuable, that when a book appears whose writer is well-known as possessing a veritable store-house of knowledge on the subject he treats, it cannot help but prove of the utmost interest to those to whom it most directly appertains. Such a volume is Mr. Henry Clews' "Twenty-Eight Years in Wall Street."

* * * * * * *

Glancing through the book we find that almost every man and every event that has played a prominent part in the history of Wall street, for the past quarter of a century, is touched upon, and that in such a manner as to furnish the most pleasant reading possible.

* * * * * * *

No broker in Wall street and no person at all interested in matters of finance should be without a copy of this book, which is undoubtedly the most able and comprehensive volume of its kind ever published.

(*The Independent.*)

The purpose and character of "Twenty-eight Years in Wall Street," by Henry Clews, stand out on the face of the book. Mr. Clews gives a glimpse of his own striking career; he vindicates the honor of Wall street, and says the best he can for the men and their methods. He casts a glance at the public history of Wall street and its relations to the financial history of the country, gives some hints as to the methods of operating with success and then passes to a series of lively sketches of Wall street episodes which at the time convulsed the country, and of men who have been or still are prominent in its operations. The book is popular, and is designed, we should say, to interest especially readers who live at a distance from Wall street, and have no familiar acquaintance with the Street or the Stock Exchange.

(*Brooklyn Times.*)

This fat, candid and amiable book is not the first volume of the kind that has come from Wall street, but it has many features of great individuality. It is one of the natural products of an era in which everybody writes a book, and illustrates perhaps as well as any might, the practical usefulness of a book making no literary pretensions whatever. Mr. Clews writes as only a financial expert of many years experience could write, and his record has a direct historical interest. The writer has anticipated the possibility of having readers who may not be conversant with the jargon of speculative trade, and whether writing of "blizzards" or of "corners," he speaks in terms calculated to make his meaning clear to those undeveloped minds who never bought a share or clipped a coupon.

(*The Brooklyn Standard-Union.*)

There have been a numb r of b oks written or compiled about the business centre of New York, but all have been from the outside, and this is the first glimpse from behind the scenes given by a man actually engaged in the operations concerning which he writes. Some sound advice is given in regard to operating in stocks, which, if followed, might prevent many reckless losses. There are also ske ches of many of the financial and political magnates of the last quarter of a century, the era of the greatest activity in the realm of stocks that the world has ever seen. Light is thrown upon many disputed points in these reminiscences.

(*The Washington Post.*)

Mr. Clews' book on Wall street has just been brought out. The real object of Mr. Clews in becoming an author, he says, is to demonstrate the personal honor and integrity of Wall street men, and the honesty of their methods, against the popular opinion, which holds just the reverse. In doing this Mr. Clews has written a book of 800 pages, which touches on almost every man and event that has had a place in Wall street in the last quarter of a century. Mr. Clews makes the history of James Keene as interesting as a romance, and he returns like a moth to a candle to Mr. Gould's dazzling career, and then retires apart and philosophizes.

(*Newark Evening News.*)

Space fails to attempt to give any summary of Mr. Clews' remarkably interesting book. Its vivid story of Black Friday, its description of the overthrow of Tweed, the chapter devoted to the wit of Wm. R. Travers, the interesting one treating of the great house of the Rothschilds, the description of the carreer of the dashing speculator Charles F. Woerishoffer, the treatise on women as speculators, the thoughtful essay on the labor question, the brief and valuable synopsis of the leading events connected with Wall street for seventy-seven years, the article on the prejudices of jurors the biography of mousetrap inventor Gould and the singularly bold and candid estimate of his character, the story of the Vanderbilt family with its rebuke to the great financial ability of William H., the sketches replete with personal reminiscences and unique information of all the giants of the street—all these features make the book as absorbing as any novel. Mr Clews has apparently set naught down in malice, and on the other hand, he has extenuated little. He writes boldly, fairly and candidly, and if the volume does display a little egotism, it is only made more natural, more characteristic, and may even be said more pleasing thereby.

(*San Francisco Chronicle*)

The man who has had an opportunity to watch many of the great Wall street deals from the inside is peculiarly competent to write their history, and in this work Mr. Clews shows strong qualities as a narrator. He also wri es entertainingly of the men who have been recognized as leaders of the Street. Especially worthy of notice is what Mr. Clews says in regard to preparation for a financial career. Daniel Drew, the Vanderbilts, Gould, Belmont, Villard, Keene, and many other speculators are described in racy style. A chapter that will be of special interest to Californians is devoted to Keene. Mr. Clews contends that Keene has rare financial ability, and only a combination engineered by so able a plotter as Gould could have brought him to grief. He praises Keene's liberality in providing for so many people and his generosity in charities. The sketches of railroad and bonanza kings are generally free from exaggeration. The book as a whole is extremely readable.

(*New York Mercantile Journal.*)

Of the late publications given to the public none has met with such an endorsement as "Twenty-eight Years in Wall Street," by that prince of financiers and successful bankers, Henry Clews. That it was in preparation was known to many of the intimate friends of the author, and anent its issuance from the press time waited in expectancy among them to peruse its interesting chapters. The work covers a period the most interesting and exciting in the history of that money mart of America. To chronicle the events, outline the characters, and delineate the lights and shades of Wall street, none is more ably fitted by experience, gifted by nature, or qualified by training, to write its history. This is shown by a perusal of the book from the preface to the close of the last chapter. The work shows him to be a man of versatile talents, and in whatever field he seeks to use them the same success that has made him a marked man among men in Wall street stamps itself in his literary effort. In the preface, Mr. Clews states in a modest manner his hope that his work will be of service to the future historian who may seek to record the facts of Wall street. The historian of after years will undoubtedly begin where Mr. Clews has left off, for his work must stand as the history full and complete of the period it covers. And more, the history of finance in America; for in a brief space he has crowded all the facts relating to it and finance. The work is well illustrated with notables in the financial world, with brief sketches of each.

The incidents and events in which each figured are succinctly stated, lending to the work a charm that leads one to speculate, what would Mr. Clews do in literature had he entered that field rather than finance.

The work is the most valuable acquisition to historical financial literature that has been issued of late, and the demand for it shows how highly is this effort of the great banker appreciated. The style is very graceful, and, like the author, entertaining, and to begin to read the work is but reluctance to leave it before it is finished. It is of 800 pages, handsomely printed, and a most fitting monument to the talents of Mr. Clews, the great Wall street financier and banker.

(*Milwaukee, Wis., Sentinel.*)

Stories and incidents of financial conflicts and of the personal relations of the speculative kings are here related, which were never told before.

* * * * * * *

The narrative is clear and straightforward. While the author has undoubtedly written with reserve, especially concerning the transactions in which he has himself played a leading part, he has given his story an air of frankness and sincerity which will inspire confidence. He treats all whom he mentions with equal fairness, and, though not a severe critic, does not hesitate to point out their foibles and weaknesses.

* * * * * * *

Jay Gould receives due credit as a wrecker of values, though the vain hope is expressed that he has turned over a new leaf. For Woerishoffer's genius as a speculator the author expresses admiration, and the account of how the "great little bear" got the best of Gould and Sage on the Denver extension bonds, by getting a corner in them through the foreign holders, is most entertaining.

* * * * * * *

It is the best book on Wall street that has yet appeared, and one may get from it an insight into the practical methods of the speculative world, second only to that obtained through actual experience. The volume is well printed and is embellished with portraits of the author and about fifty other prominent financiers and speculators.

(Philadelphia Ledger and Transcript.)

A book on Wall street, by one who has been behind the scenes for twenty-eight years, and who has taken part in most of its dramatic events during the long period, is very sure to be entertaining. The public never tire of reading about Wall street, even though they may never enter within its territory or take a turn in its wheel of fortune. To most people a record of its extraordinary transactions, its sudden reverses of fortune, its mighty conflict between millions of dollars controlled by men of nerve and brain and pluck, are as interesting as fairy stories are to children. Indeed, to many Wall street seems like an enchanted island or a wonderland. So the personal reminiscences of Henry Clews, the banker, which were issued to-day in a large 800 page volume, entitled "Twenty eight Years in Wall Street," promise to have a wide circle of readers. Mr. Clews does not lay claim to a high literary style. His book is plainly written, but is none the less interesting on that account. Indeed, he employs, in many instances, the peculiar vernacular of the street as the best medium to portray a lifelike picture of the events he relates. The period of which he treats, 1857 to 1888, covers the most important and exciting events in the financial and speculative history of the country, and when the history of Wall street is written, as some day it will be, Mr. Clews' book will furnish a large share of the material for the work. It contains sixty chapters, with pen sketches and anecdotes of all the principal operators and financiers who have attained prominence in the street, including Jacob Little, Daniel Drew, Henry Villard, the Vanderbilts, the Rothschilds, A. J. Drexel, L. P. Morton, Moses Taylor, Samuel J. Tilden, Gould, Sage, Field, Garrett, Mackay, and many others whose names are household words. Mr. Clews' principal object in writing the book seems to be the desire to defend Wall street against the charge of being a den of iniquity. Many clergymen seem to take a delight in describing it as an American Monte Carlo. Mr. Clews seeks to draw a different picture. He claims that in the wonderful development of this country Wall street money, enterprise and speculation have played the most conspicuous and progressive part. One of the most interesting chapters in the book is that which gives for the first time the true story of the Black Friday gold panic. In a chapter on "How to Make Money in Wall Street" Mr. Clews declares that "the habit of following points which are supposed to emanate from the big operators nearly always ends in loss, and sometimes in disaster, to young speculators. The latter become slavish in their methods of thought, having their minds entirely subjected to others, who are presumed to do the thinking for them, and they consequently fail to cultivate the self-reliance that is indispensable to success in any kind of business."

(Harrisburg, Pa., Independent.)

No book published in many years has excited the interest, repaid its perusal, and is more profitable as a study, than that which Mr. Clews has produced as a narrative of his experience, labor, success and long tested integrity as an operator in Wall street.

(Springfield, Mass., Union.)

The book is more a history of Wall street than a book of advice. He states facts and lets people draw their own inferences.

(The Boston Commercial.)

A careful perusal of Mr. Clews' book will save many losses to the Wall street trader.

(*Albany Times.*)

One of its few political digressions has reference to three men well-known upon our streets, General Dix, Roscoe Conkling, and William H. Robertson, apropos to the nomination of General Dix for Governor by the Utica Convention. Mr. Clews shows very clearly that it was he who laid Mr. Opdyke on the shelf, and suggested Gen. Dix. To Mr. Conkling was generally accredited the finesse of this move.

* * * * * * *

It is this "bull" side of looking at things, this admiration for creators of values, that makes Mr. Clews such an admirer of the Vanderbilts, but of the two, the Commodore and Wm. H., he regards the latter as the greatest financier.

* * * * * * *

The hasty expression, "The public be damned," Mr. Clews explains, and no doubt correctly, as the angry retort of a man who was bothered by a newspaper reporter in the management of his own business. * * * The profane answer really meant no more than that the question was irrelevant.

* * * * * * *

As Mr. Clews is willing to tell a good story at his own expense, we will close this notice with one that he tells of Mr. Travers, the funny man of Wall street. It was during the war panic. Mr. Clews, who was as fond of letter writing as Mr. Hewitt is, had written a series of letters for the New York *Times* on national financial matters. Mr. Travers was met on his way down town by a Wall street friend, who asked him if he had seen Mr. Clews' last letter. "I h-h-ope so," replied Travers. But that is where we differ from Travers.

* * * * * * *

(*Columbus Journal.*)

"Twenty-Eight Years in Wall Street," by Henry Clews, will be well received in this progressive age. There has probably been no book published in the country that will attract the attention of business circles more than this one. The well-known character of the author as one of the foremost financiers of the country; his intimate knowledge of that great maelstrom of finance, Wall street, and the breadth of thought which characterizes all his utterances combine to give to the book he has written a high standing in financial literature. While he treats of many of the technical matters of stock operations, the book is of more value and interest for its fund of reminiscence and incident covering the eventful epochs of the past twenty-eight years. The style, while of a highly literary order, has also the terse directness peculiar to the writings of practical business men, and it is therefore sure to be very generally read by all who care to study the factors entering the building of our national life and character, of which it may be certainly said that Wall street is a most prominent and powerful one.

(*The Merchant World.*)

The work will no doubt be successful, as it is probably the most complete and readable of its kind yet published.

(*The Court Journal.*)

As a record of the affairs of Wall street Mr. Clews' book is to the financial world what James G. Blaine's "Twenty Years in Congress" is to the political world; though our own private opinion is that the style is better and the bias less pronounced.

(*Milwaukee, Wis., Sentinel.*)

Stories and incidents of financial conflicts and of the personal relations of the speculative kings are here related, which were never told before. The volume is to a considerable extent a history of the hidden causes of great financial events.

(*The Ohio State Journal.*)

"Twenty-Eight Years in Wall Street" will be well received in this progressive age. There has probably been no book published in the country that will attract the attention of business circles more than this one.

* * * * * * *

The style, while of a highly literary order, has also the terse directness peculiar to the writings of practical business men, and it is therefore sure to be very generally read by all who care to study the factors entering into the building of our national life and character, of which it may be certainly said that Wall street is a most prominent and powerful one.

(*United States Treasury Counterfeit Detector.*)

There is not a dull line in the book, while much of it is as thrilling as a romance from the pen of a great novelist.

(*The Age, Birmingham, Ala.*)

Public curiosity so prevails in Alabama that we add a special sanction to Mr. Clews' project. If his book be history the State of Alabama should build a depository for a few copies. We fear Mr. Clews alone survives to write much that posterity ought to know concerning Alabama affairs.

(*The Brooklyn Eagle.*)

This plethoric little octavo picture of the wicked street where values of stocks are betted on—and their values also legitimately ascertained, if not fixed—this equally rich series of sketches of the not very wicked looking men who have been its magnates and arbiters for more than a generation, is written by one who is entitled to say that he was no small part of the things he has seen there. There are nearly 800 pages of his experience and observations, through times as exciting as have ever been seen on any Stock Exchange since the great manipulating English Rothschild turned Waterloo to his own account on that of London by news enterprise exceeding that of the British Government. It is a piece of thoroughly American literature, going to the heart of the business at once, and frankly giving the emotions and manners, as well as the transactions of the great emporium of real and fictitious interests and values, freely using for the purpose gossip and anecdote as well as formal and statistical statement.

(*From the Business World, Sept.* 24, 1888.)

Merchants, bankers, brokers, judges, public officials, lawyers, and all sorts and conditions of men unite in commending "Twenty-eight Years in Wall Street," and deservedly so, as it is a meritorious work and presents truthful and graphic pictures of the principal and stirring events that have taken place in that great financial centre during the business career of the author.

(*Editorial from the Burlington Hawkeye.*)

The great New York money market and its manners and mysteries are the subject of Banker Henry Clews' book, "Twenty-eight Years in Wall Street." The book has been expected for some time with a great deal of interest, and now that it is out and gives the author's experience of twenty-eight years in the great centre of speculation, it more than gratifies curiosity. It is no disappointment. It is a success. It describes the leading features of Mr. Clews' long experience as a financier, banker and broker in a clear and comprehensive style. The biographical sketch of Gould is of particular interest at the present time, when it is given out that the great wrecker is sick to death, and that the announcement of his demise may come along at any time.

(*The Chicago Inter-Ocean.*)

The long experince of the author as a banker and broker in Wall street has given him an inside view. Mr. Clews thinks that Wall street has been maligned and misrepresented—which he resists by sturdy blows.

Among the interesting chapters is that on "Corners" and the attempts to legislate against them, and how the battles were won and lost. To the dishonest dealers and defaulters such as the great State of Georgia he gives a terrible castigation, by simply relating the facts. Mr. Clews gives a full-page portrait of Chicago's generous, open-hearted, warm-hearted P. D. Armour. He gives a concise biography of Levi P. Morton, the Republican candidate for Vice-President. The volume is written in easy, flowing style, and its facts are of the kind to interest the millions of readers of all classes.

(*The Boston Herald.*)

On civil service reform Mr. Clews writes freely and sensibly. His remarks on business training are full of wisdom and practical philosophy.

(*The Utica Herald.*)

No survivor of Wall street at the present day is as well fitted to write a history of its transactions as Henry Clews. From the beginning of his career he has been a faithful, conservative business man, examining investments guardedly before taking hold of them, and keeping a cool, clear head through all the excitements of Wall street speculations. His intimate relations with the Government and with monied men have kept him well informed in everything that pertained to the finances of the country, and his close acquaintance with the principal operators has given him an insight into all the great speculative deals that have convulsed the financial world. That such a veteran should place his knowledge between the covers of a book, where it may be consulted by all who list, is a stroke of good fortune for those who deal in stocks, and for those also who like only to read about such dealings.

* * * * * * *

All the famous leaders of the Street are photographed.

(*The Hartford, Conn., Courant.*)

Mr. Clews talks out. Cheating a partner, starting a lie in order to take advantage of those who believe it, stealing a railroad—all such enterprising vagaries of your financier are outlined here very much as they are in fact. The reader can infer rascality or can infer the gift of leadership and the elements of success as he pleases.

(*Detroit Free Press.*)

Volumes have been writen about the never-to-be-forgotten Black Friday. Mr. Clews claims to tell the true story for the first time.

(*Cleveland Leader.*)

This octavo volume of 800 pages, as the reader will surmise from the title, is a history of financiering in this country, by one of the most celebrated men that industry has produced. Whether its perusal will do the reader any good is a question we have no business with. It will meet with an immense sale in certain circles, where the motives which influence the readers will be as numerous as the readers themselves; in other places curiosity will be the main thing to be gratified. After telling the story of his own life, the writer takes up the lives of others, and gives a great many sketches which are supplemented with portraits. No hint need be given the reader who is acquainted with Mr. Clews regarding the manner in which he treats his themes. In a certain way, so far as the work details the methods of financiers in conducting their wars upon each other and outsiders, it will perhaps be instructive to those who may wish to understand such matters in the interest of legislation or morals. As for the readable, recreative nature of the narrative itself, it is full of spicy incident and anecdote, which gains point from the fact that many of the persons to whom they relate are still alive and objects of common public concern.

(*Allentown, Pa., Item.*)

The new book by Henry Clews, the veteran Wall street financier, entitled "Twenty-eight Years in Wall Street," is exciting much attention from bankers and other financial men. It is said to be the first authentic and exhaustive treatise ever written about Wall street, and it tells all about the "corners," speculations and fortunes made and lost, and the men that figured in them. As Mr. Clews has always been a prominent figure himself in Wall street, he is fully competent to do justice to the subject. The book contains 800 pages, and Mr. Clews spent two years in writing it. One of its objects is to show that Wall street men are not as black as they are painted.

(*Cleveland Plaindealer.*)

"Twenty-eight Years in Wall Street," by Henry Clews, the famous financier, is a straightforward story in clear and ample language, and is full of interesting, sensible, gossipy and frequently spicy talk about men and matters in and about Wall street.

(*Denver, Colorado, Republican.*)

As the world is necessarily divided into lambs and wolves, both parties will read this Arabian Nights with intense interest. The only fairy tales now-a-days are those of Wall street and the mining industries, and interest in princes or genii of either never ceases.

(*Sunday Herald, Chicago.*)

Indeed the book is a most entertaining collection of facts, arguments and anecdotes, covering more than a quarter of a century. * * * The work is one of rare interest, particularly to those engaged in financial or speculative operations.

(*Rochester, N. Y., Express.*)

It is an interesting book. It is a big volume, crammed with facts and anecdotes which will be devoured by ambitious young gamblers. * * * The inside history of Wall street is set down with delightful candor. * * * His description of James R. Keene is epigrammatic and broadly illustrative. * * * The creation of the Gould and Vanderbilt fortunes puts Mr. Clews on his mettle as an objective financier and writer, aad it must be admitted that he is equal to the task.

(*Atlanta, Georgia Constitution.*)

Mr. Henry Clews, a New York banker and broker, who has a few friends and a good many enemies in Georgia, has written a book of 800 pages, entitled "Twenty-eight Years in Wall Street." In some respects this is a peculiar book, and it is certainly one of exceptional interest. Mr. Clews tells of Wall street's part in the war, and discusses panics, corners, and some of the mysteries of finance. He pictures the great giants of speculation to the life. He handles Jay Gould with gloves off, and his account of the operations of Woodhull and Claflin, the female brokers, makes interesting reading.

The same old story about the repudiated Georgia bonds is repeated here, and Mr. Clews shows that he can be as unfair in writing history as he was when he was filling the newspapers with the story of his grievances.

But, taken as a whole, Mr. Clews has given the public a valuable book. Business men and financiers will find this volume wonderfully attractive.

(*Indianapolis News.*)

* * * * To an easy, gossipy style, he adds the further merit of being fully acquainted with the matters of which he writes.

* * * * * * *

His war reminiscences are entertaining, and though somewhat diffusive, the story of the country's financial ups and downs has a certain value.

(*Rochester, N. Y., Chronicle.*)

He treats the living and the dead with a free hand, and some of the former, very likely, will not relish the portrait he gives of them. He draws a vivid sketch of the doings of Jay Gould from the day he dealt in mouse traps until the present time.

* * * * * * *

The reminiscences show how frequently those who suddenly become rich—millionaires—lose their money and die poor.

(*London Daily Telegraph.*)

Mr. Henry Clews, for many years a prominent banker, has just published an entertaining volume entitled "Twenty-eight Years in Wall Street." This book deals almost entirely with the story of fabulous fortunes which have been made by American speculators during the last twenty-eight years. The work is attractive as being written by one who has taken part from day to day, during recent years, in the life which he describes so graphically. Mr. Clews began his connection with the Stock Exchange in 1857.

(*Mercantile Journal.*)

The work shows him to be a man of versatile talents, and in whatever field he seeks to use them, the same success that has made him a marked man among men in Wall street stamps itself in his literary effort.

(*St Paul, Minn., Globe.*)

In his readable book, "Twenty-eight Years in Wall Street," Henry Clews, among other good things, devotes several chapters to the Vanderbilt family, beginning, of course, with the old Commodore.

(*Minneapolis, Minn., Journal.*)

A book that will create something of a sensation in the commercial as well as the literary world, is "Twenty-eight Years in Wall Street," by Henry Clews, the celebrated New York banker. In an easy, readable, reminiscent style, Mr. Clews talks about the days of Drew and of the Erie "corners," the relations of Wall street to the Government during the war, about Commodore Vanderbilt's career, about panics and their causes, including the true story of "Black Friday," etc.

(*Cincinnati Times-Star.*)

Many books and magazine articles have been written about Wall street and its panics, "corners," and wonderful financial record during the last thirty years, but it remained for Mr. Clews to write its history from the inside. Being a leading operator in it, he is enabled to describe authoritatively the hidden springs and motives where an outside writer can only surmise and discuss the subject superficially.

(*Town Topics.*)

Henry Clews' book seems to be making a decided hit. It deserves to. It is the only book I have ever read which gives one anything like an adequate idea of Wall street, its great romances and the actors in them. There are some passages in Mr. Clews' book with which I am far from agreeing, but I suppose every man is entitled to his opinion, and none of us are infallible. "Twenty-eight Years in Wall Street" is certainly a readable and interesting volume, and in time to come will prove of even greater interest and value as part of the record of the vital speculative and financial interests of the country.

(*The Springfield Republican.*)

The book is full of entertaining reminiscences of notable characters and instructive treatment of questions and events in the commercial world from the beginning of the war down to the present day.

(*Philadelphia Inquirer.*)

Mr. Clews has given to the public a volume which will be read with deep interest.

* * * * * * *

Any one reading this history of Wall street might very appropriately exclaim with Col. Sellers, "There's millions in it."

(*The Financial Review.*)

Mr. Henry Clews' book, "Twenty-Eight Years in Wall Street," has passed through the trying ordeal of being extensively reviewed by the daily and weekly newspapers. It has come out with flying colors, and few authors have won such brilliant laurels for their first work.

In one sense of authorship, Mr. Clews had an easy task, but he has performed it admirably. The field which he has now only partially taken possession of was vacant, and it is strange that no other Wall street man had the perception to discover it sooner, but this is the case with everything of great value It is easier, of course, to see this when the work is done, or at least well begun, for Mr. Clews has not even proposed to write a history of Wall street—nothing but his own reminiscences. He has, in a few instances, gone beyond this, but that was optional and regarding matters that dovetailed naturally with his own experience, and although in some places his excursions in the domain of history and politics are rather diffuse, they are more than redeemed by their absorbing interest; and their connection with the point at issue, even where they may seem at first glance foreign thereto, is always made convincingly clear before the end of the chapter, and sometimes at the beginning. It is thus he connects the financial career of the Rothschilds and the sensational story of Nathan's big deal on the London Exchange, after the battle of Waterloo, with his experience of our own familiar August Belmont, the American and Wall street agent of the lucky house that has influenced the destinies of Europe.

Mr. Clews perpetrates some good strokes of genius in showing the vast extent of the ramifications of Wall street affairs, and he does so without any apparent effort, getting at the point directly by a few simple words or sentences, written sometimes with seeming carelessness, upon subjects that more pretentious writers would require an elaborate essay to elucidate, and to demonstrate the importance of the matter. Mr. Clews has, in this respect, perhaps laid himself open in some instances to the charge of superficiality from a "highfalutin" standpoint of literary criticism, but he gets there all the same, and generally by the shortest route conveys his impressions to the reader as nearly as possible in the way that he himself feels them, while another writer on the same subject would be laboring at the introduction. If he moralizes or philosophizes it is inferentially and tersely, and he never makes the reader tired by a long dissertation on opinions of which you can see the end from the beginning. On the contrary, the unexpected in most of his chapters turns up with agreeable surprise in almost every paragraph which is pregnant with meaning In fact Mr. Clews has shown that he can be plain without being superficial, deep without being obscure, and comprehensive without making a desperate effort, or without using up the majority of the hundred thousand words in Worcester's latest dictionary.

Mr. Clews was evidently in possession of the preliminary, without which no man, and few women, can write well. He was full to repletion of his subject. He had no grasping after it. It was manifestly in possession of him, and absorbed his whole being. He is so filled with the spirit of his theme, like an ancient poet composing epic, that the words appear of secondary importance, though they fall into their proper places. He is captivated and enthralled by the subject matter, which seems clothed with a kind of literary spontaneity, but the diction at the same time is of such a character that it would be difficult to express the same ideas in any other words without marring the sense which he intended. The chapter on "Georgia Bonds" might be improved. It is not up to the mark in point of severity and sharpness of style. The author had great scope here for some eloquent denunciation of the swindling politicians of the States of Georgia and Alabama, but he seems desirous of being matter-of-fact and keeping to the official record of the bond swindle. Yet some of the Georgia journalists accuse him of misrepresentation, but at the same time they pay a just tribute in general

to the merits of the book. Of course it devolved upon them as Georgia journalists to be patriotic first, and afterwards fair and generous, and with this patriotic exception, which is perhaps pardonable in them, they come up to the standard of their chivalrous character, and give Mr. Clews credit for having produced an excellent book.

Their reviews are therefore a good criterion of the merits of the book, as it would be but natural to expect that their prejudices would lead them to speak unfavorably of it, but we have always found the chivalrous Southerner, and especially the Southern journalist, eager for fair play where his judgment is not warped or obscured by erroneous impressions.

On the whole, Clews' book has had one of the best receptions of any popular work that has appeared in recent years. There has been some hostile criticism by able reviewers, whose chief objections are against the existence of Wall street under any circumstances. These great reformers remind us of the man who encountered Sidney Smith on one occasion, and objected to the Equator, speaking very disrespectfully of that great circle of the earth's surface. Although Mr. Clews has assisted actively to develop Wall street, he is by no means responsible for its origin. On that charge every candid critic, even within the dominions of Georgia and Alabama, must acquit him.

While the reviewers have said nearly all that can be said about the great value of the subject matter of the book, its comprehensive scope, its able design, its interesting and attractive style, simple and so free of technicalities that every one who can read can understand it, yet out of the thousand reviews that have come under our notice not one dwells on the greatest salient point that pervades the whole volume.

This point, to our mind, is the purpose of the author to impress his readers with the idea that the brain power which is capable of success in financial affairs, and especially in Wall street operations, is superior to any other quality of brain power in the world. While he does not state this theory so plainly as this, he clearly implies it, and forcefully dwells upon it by implication in almost every chapter of the book. If he is correct in this, it is a very important fact, both in mental philosophy and ethics; and the question, if it should become a theme of discussion, is calculated to call forth into the arena of debate some of the choice talent of the scientific and literary world.

In Mr. Clews' estimation, it would seem that men in all other spheres, no matter how great, can only take second place as compared with the great financiers. Among the large variety of great men who have their entrances and exits in this book are presidents, emperors, kings, warriors, statesmen, politicians, poets, judges, lawyers, doctors and literateurs, but these all play second fiddle to Mr. Clews' choice heroes in finance. They are merely second rate powers in mentality when compared with the Rothschilds, the Vanderbilts, the Goulds, the Keenes and the Woerishoffers.

Chauncy M. Depew, for instance, is a great statesman, orator and politician, but he is above all things a great financier. Even the great bears of the stock market have all been great intellects, although Mr. Clews has rarely been on their side. But Wm. H. Vanderbilt is placed at the top of the heap, chiefly because he trebled his father's fortune of seventy millions in a few years. This is proof positive, no doubt, and would seem to be fully demonstrative in this instance, at least, of Mr. Clews' theory, but we think we could account for the vast accumulation of the Vanderbilt millions without assuming that William H. was a greater financier than premier Colborn, or even Jay Gould. We don't wish to argue the question, now, however. Our main purpose in this article is to show the great leading idea in this justly eulogized book, because the point has not been criticized by any other reviewer. It is the apotheosis by Mr. Clews of the brain power that can develop and accumulate wealth by honest business methods. Mr. Clews, however, is by no means a worshipper of wealth *per se*, but of the mental capacity

that can gather and control it with due regard to the rights of others, while he denounces in the strongest terms all crooked and underhand methods of acquisition. He only regards the "filthy lucre" itself as a means to an end, a medium of attaining a higher range of comfort and civilization, and he has as fine an appreciation of the "greatest happiness principle" as Jeremy Bentham himself. The power of the author is manifested in the universality with which he invests subjects pertaining to finance and speculation, which to the ordinary observer might appear to be only of local or sectional interest. This is one secret of the popularity which the book has already achieved, and which is calculated to secure for it a steady sale in future, and a permanent place in the libraries of financiers and literary men in general.

(*The Southern Criterion, Atlanta, Ga.*)

We are greatly indebted to Mr. Henry Clews, of New York, for his kindness in sending us his somewhat remarkable book entitled "Twenty-eight Years in Wall Street." We can scarcely credit it that this book of 800 pages was written by as busy a man, financially, as the book itself shows Mr. Clews to be. We suppose that Wall street might almost be called the great banking house of the civilized world. The author himself says of it: "It moves the money that controls the affairs of the world. Take the Clearing House, for example, with its fifty billions of transactions annually. All but a fraction of this wonderful wealth, compared with which the stupendous pile of Crœsus was a mere pittance, passes through Wall street, continually adding to its mighty power. This great power . . . is imparted to all the industries and productive forces of the country." Surely we should think that one who is, as it were, from morning to night behind the busiest counter of such a vast financial institution—who may be said to be one of the chief and most responsible managers of such a gigantic and complicated monied concern—would find little time, or inclination, or brain rest, to write a book.

And yet Mr. Clews has given us a book of great interest, and containing much valuable information. Several years ago we read a book of a somewhat similar character, by Prof. Bagehot, entitled "Lombard Street," which is the Wall street of London. But while that book also helped us in a measure to thread the thorny labyrinths of national and international money transactions it was not lit up, as this is, by interesting reminiscences and narratives concerning the prominent founders and operators of the "street." A careful reading of this book will unquestionably give much valuable information on subjects on which so many are ignorant, yet on which it would be well not only for the would-be broker and speculator, but also for the occupants of influential political and legislative positions to be informed. The very zeal, too, with which the author defends the honesty and integrity of the operators against the denunciations of what he calls the "flashing wit and mountebank eloquence" of Talmage and of other moralists and divines, may somewhat mollify the moral acerbity of some against "the ways and means" of the institution. At the same time the reader will find related many interesting incidents in the lives of men whom not only our country but the world must regard as among their greatest financiers. While, perhaps, his estimation of Jay Gould will not be greatly enhanced, he will feel better for the laughs that he will have at the ready wit and sharp repartee of the already widely noted stuttering Travers.

While here and there Mr. Clews has paid his respects to the State of Georgia in tones that, we must confess, are not sweetly musical to our ears, at the same time he has been kind enough to present us with a readable and an instructive book; and for the kindness he has our thanks.

(*Wall Street Atlas.*)

In his admirable book, describing his twenty-eight years of experience in Wall street, Mr. Henry Clews gives some important points upon the difficult art of successful speculation, and it is generally conceded that no one is better qualified than he to act as a mentor in this peculiar branch of financial science. He has shown, time and time again, that he is thoroughly conversant with all the intricacies of this difficult art and can gauge the market as accurately as a physician the pulse of his patient. He makes the interests of his customers identical with his own, and never allows an opportunity to advance the same to pass by unavailed of. It is a noteworthy fact in this connection, and one worthy of more than mere passing notice, that during the recent rather violent fluctuation of the market, caused by the St. Paul and Hocking Valley upheavals, his patrons managed to keep out of the rain, and for their luck in this matter they are indebted to his advice. Sagacious and level headed, he is seldom deceived and always bases his action and advice upon a solid substratum of facts; this, together, with his long and varied experience in the street, renders him without a peer as a successful and reliable guide in speculative matters.

(*The Republican, Havre De Grace, Md.*)

We have received from the Irving Publishing Co., of New York, a volume of 800 pages, bearing the title "Twenty-Eight Years in Wall Street," written by Henry Clews, the eminent New York banker and Wall street magnate. Mr. Clews has a racy, easy style of writing that renders his work peculiarly attractive, and there is not a dull chapter in his book. He tells all about the "mysteries" of "the Street," "puts" and "calls," "options" "margins" and "corners," and explains how it is possible to win or lose great fortunes in the New York Stock Exchange, in a very brief time. The most interesting part of Mr. Clews' work, however, is his brief relation of the business actions and methods of well-known bankers, brokers, etc., including the Vanderbilts, Jay Gould, Daniel Drew, Jim Fisk, Jay Cooke, the Astors, C. P. Huntingdon, Wm. R. Travers, John and Robert Garrett, Henry Villard, Ferdinand Ward, Henry M. Smith, Wm. Heath & Co., the Rothschilds, Mackey, Fair, Flood, John P. Jones, and a host of others, telling about how they all made millions of money at times, and how some of them lost millions in a single day. Mr. Clews also devotes some chapters to the wonderful process of floating the government debt, even during the most depressing periods of the war, and claims for Wall street a great share in making the work of suppressing rebellion a success, furnishing the financial aid necessary to pay soldiers and supply the munitions of war. We know of no recent work better worth reading, or more worthy of a place on our library shelves.

(*Boston Commercial.*)

Mr. Henry Clews' interesting volume, recently issued, entitled "Twenty-eight Years in Wall Street," gives some interesting attention to the question of a successful Wall street career. Mr. Clews, himself one of the most successful bankers in New York, or anywhere for that matter, and a most competent authority, tells his readers of the many reasons why speculators lose money in stocks, grain and other commodities dealt in "on the street." He corrects the impression that "any fool can go into Wall street and make money," and shows that finance is the same as any other business in requiring care and ability, if its followers would be successful. One thing particularly he proves, i. e., that it is no matter to a broker whether his customers "loses or wins" so long as he, the broker, gets his commission. If the customer drops his money, the broker's business with that man is done. It is, therefore, to the great advantage of a reputable and business-like broker to do all he can to guide his client aright, and this the men of standing in Wall street do their best to accomplish. The careful perusal of Mr. Clews' work will save many losses to the Wall street trader.

NEW YORK, September 17th, 1888.

Mr. Henry Clews:

DEAR SIR:—Your "Twenty-eight Years in Wall Street," the most eventful in its history, has the stamp of current interest and historic value. The lessons of experience it contains are entertaining and instructive, the leading actors of the great financial drama are graphically presented, and as a contribution to the speculative record of the country it will be appreciated.

Very truly,

A. M. DAVIES, of *The Financier.*

(*Brooklyn Eagle.*)

Whether the Government could have got through the war financially without the help of Wall street is perhaps matter for some anti-Government financier to demonstrate as voluminously as Mr. Clews here shows how Wall street did help the fight forward. Panics are served up by the author with a zest something like that with which a sea gull is supposed to look on "nasty weather outside."

* * * * * * *

What are called "corners" get even more expert treatment, and in language suitable to the comprehension of the untechnical.

* * * * * * *

Black Friday is treated without respect for reputations, but with alleged testimony of record sufficient to justify the author's statements. The use of the watering hose in stock operations is explained at length, and living waterers are credited with their own special methods. Jay Gould is drawn without malice or extenuation, it is claimed, and from his own sworn testimony largely, and to the conclusion that he is at present a builder up instead of a wrecker of values.

(*Shoe and Leather Reporter.*)

Henry Clews has written a very interesting book entitled "Twenty-Eight Years in Wall Street." It is replete with reminiscences of his experience as a banker and broker, and records in easy and flowing style the most important events which transpired in the great monetary centres of the Western world subsequent to the panic of 1857. He furnishes spicy narratives of the historical habitues of the Street, and of the great financiers in general.

* * * * * * *

We have only to say, in conclusion, that we have found the book highly entertaining and instructive, and we consider it a valuable contribution to our contemporaneous literature.

PERSONAL OPINIONS.

The Hon. Levi P. Morton, Republican candidate for Vice-President, said: I have read Mr. Clews' "Twenty-eight Years in Wall Street" and found it exceedingly interesting. Mr. Clews has certainly distinguished himself by writing such a book.

Mr. E. C. Stedman, the poet of the Stock Exchange, says: Henry Clews' "Twenty-eight Years in Wall Street" is the best and most readable book ever written on Wall street and financial affairs. The work does Mr. Clews great credit, both as a literary man and a financier.

BANKING HOUSE

OF

HENRY CLEWS & CO.,

13 and 15 Broad St., New York,

(Opposite the New York Stock Exchange.)

LOCAL BRANCH OFFICES (with private telegraph connections) AS FOLLOWS

39 West 31st Street, opposite Grand Hotel;
1,103 Broadway (Albermarle Hotel);
582 Broadway (Metropolitan Hotel), corner Prince Street,
260 Church Street, corner Franklin Street;
87 Hudson Street (Mercantile Exchange Building);
"Garfield" Building, corner Remsen and Court Sts., Brooklyn, L. I.

We have exclusive private wires to Chicago, Philadelphia, Washington, Baltimore, Richmond, Boston, Providence, New Bedford and Fall River, which give instantaneous communication with those cities.

Deposit accounts received from banks, firms and individuals subject to check on demand, upon which a liberal rate of interest will be allowed and credited monthly on all daily balances. Checks and drafts upon us will be paid in current funds on presentation at our counter, or through the Clearing House by the Continental National Bank. Accounts current rendered monthly.

Certificates of Deposits issued, payable on demand, or at a fixed date, bearing interest.

Coupons, dividends, interest, notes and drafts collected for our dealers without charge.

Parties doing business with us can telegraph their orders and instructions at our expense.

Information promptly given in reference to all financial matters and relating to investments.

City, county and railroad loans negotiated. Coupons and interest paid over our counter for corporations without charge; we also act as transfer agents.

Private telegraph key and blank check books can be had on application.

All business intrusted to our care will be attended to with promptness and fidelity and in the strictest confidence.

In addition to our regular Banking business, we execute orders for cash or on margin in Stocks, Bonds, Grain, Provisions, Coffee, Cotton and Petroleum.

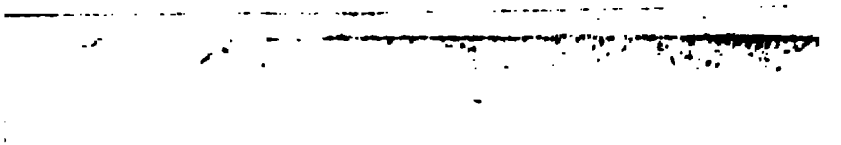
Our firm being members of the

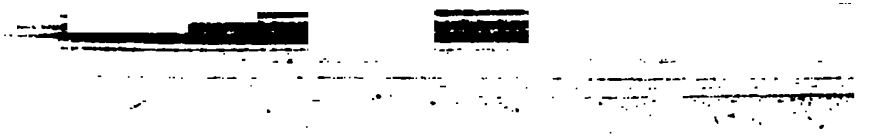
NEW YORK STOCK EXCHANGE,
NEW YORK PRODUCE EXCHANGE,
NEW YORK COTTON EXCHANGE,
NEW YORK COFFEE EXCHANGE,
CHICAGO BOARD OF TRADE,

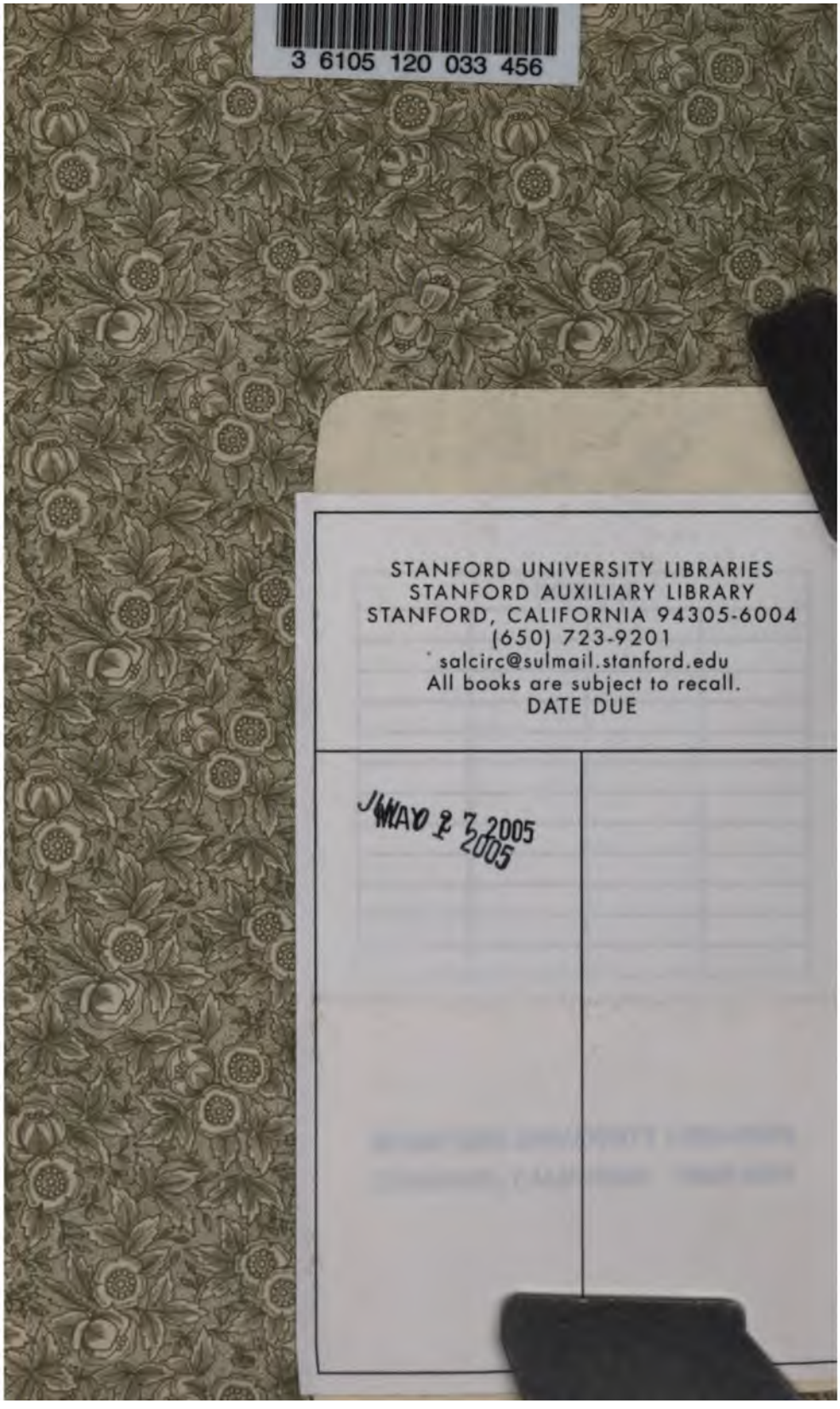
we are prepared to make advances on all active securities dealt in at the New York Stock Exchange at the current rate of interest. All such securities carried as long as required on the usual margin. Our rule is never to charge over six per cent interest for advances. Our present rate is 4 per cent.

Our firm was organized in 1877, and by copartnership obligations are pledged never to take any speculative risks, and our patrons can fully rely upon the faithful adherence thereto. This imperative conservative feature, together with our large capital makes our firm as safe as any bank or firm in this country. FOR ALL BUSINESS ENTRUSTED TO OUR CARE.

SPECIAL ATTENTION GIVEN TO FIRST CLASS BONDS FOR INVESTMENT.






3 6105 120 033 456

STANFORD UNIVERSITY LIBRARIES
STANFORD AUXILIARY LIBRARY
STANFORD, CALIFORNIA 94305-6004
(650) 723-9201
salcirc@sulmail.stanford.edu
All books are subject to recall.
DATE DUE

MAY 2 7 2005
2005